the Department of the Interior for the fiscal year ending June 30, 1923, to reimburse the Territory of Alaska for moneys advanced to the Governor of Alaska for repairs to his residence at Juneau, Alaska, necessitated by fire in the building, amounting to $857 (H. Doc. No. 588); to the Committee on Appropriations and ordered to be printed.

1007. A communication from the President of the United States, transmitting supplemental estimate of appropriation for the Alien Property Custodian for the fiscal year ending June 30, 1923, $8,324.93 (H. Doc. No. 589); to the Committee on Appropriations and ordered to be printed.

1008. A communication from the President of the United States, transmitting an estimate of appropriation for the Supreme Court of the United States for the fiscal year ending June 30, 1923, for a marble bust, with pedestal, and for an oil portrait of the late Chief Justice Edward Douglass White (H. Doc. No. 590); to the Committee on Appropriations and ordered to be printed.

1009. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Treasury Department for the fiscal year ending June 30, 1923, amounting to $78,838,515.95 (H. Doc. No. 591); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. VOLSTEAD: Committee on the Judiciary. H. R. 14337. A bill to incorporate the Belleau Wood Memorial Association; with an amendment (Rept. No. 1624). Referred to the House Calendar.

Mr. DOMINICK: Committee on the Judiciary. H. R. 7851. A bill to amend an act entitled "An act to amend an act entitled 'An act to provide for the appointment of a district judge, district attorney, and marshal for the western district of South Carolina, and for other purposes,'" approved September 1, 1916, so as to provide for the terms of the district court to be held at Spartanburg, S. C.; with an amendment (Rept. No. 1625). Referred to the House Calendar.

Mr. BOIES: Committee on the Judiciary. S. 3892. An act authorizing the State of California to bring suit against the United States to determine title to certain lands in Siskiyou County, Calif.; without amendment (Rept. No. 1626). Referred to the Committee of the Whole House on the state of the Union.

Mr. HERSEY: Committee on the Judiciary. H. R. 14226. A bill to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916; with an amendment (Rept. No. 1627). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. FOCHT: A bill (H. R. 14361) to authorize and direct the Commissioners of the District of Columbia to erect a building for the care of tubercular pupils; to the Committee on the District of Columbia.

By Mr. NEWTON of Minnesota: A bill (H. R. 14362) to amend subdivision (II) of section 20 of the interstate commerce act as amended; to the Committee on Interstate and Foreign Commerce.

By Mrs. HUCK: A joint resolution (H. J. Res. 450) announcing that the Congress of the United States shall make no concessions to any country that does not refer the question of war to its people; to the Committee on Foreign Affairs.

By Mr. PORTER: A joint resolution (H. J. Res. 451) requesting the President to urge upon the governments of certain nations the immediate necessity of limiting the production of habit-forming narcotic drugs and the raw materials from which they are made to the amount actually required for strictly medicinal and scientific purposes; to the Committee on Foreign Affairs.

By Mrs. HUCK: A concurrent resolution (H. Con. Res. 85) declaring the people of the Philippine Islands to be free and independent; to the Committee on Insular Affairs.

By Mr. FOCHT: A resolution (H. Res. 534) for the immediate consideration of Senate bill 3136, the teachers' pay bill; to the Committee on Rules.

By Mr. SUMMERS of Washington: A resolution (H. Res. 535) for the immediate consideration of Senate bill 3808; to the Committee on Rules.

By Mr. BRIGGS: Memorial of the Legislature of the State of Texas urging immediate recognition of the Obregon government in Mexico; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GILLETT: A bill (H. R. 14363) for the relief of Charles A. Eastman; to the Committee on Indian Affairs.

By Mr. HICKS: A bill (H. R. 14364) for the relief of Charles Beck; to the Committee on Claims.

By Mr. J. M. NELSON: A bill (H. R. 14365) granting an increase of pension to Aurora C. B. Kinney; to the Committee on Invalid Pensions.

By Mr. SNELL: A bill (H. R. 14366) granting a pension to Julia Conger; to the Committee on Invalid Pensions.

By Mr. TINCHER: A bill (H. R. 14367) granting a pension to Visa A. Moser Elliott; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7322. By the SPEAKER (by request): Petition of Women's International League for Peace and Freedom, Massachusetts branch, Boston, Mass., urging repeal of the espionage act; to the Committee on the Judiciary.

7323. By Mr. BRIGGS: Letter of Mr. R. C. Spinks, Crockett, Tex., urging passage of truth in fabric bill and other legislative relief; to the Committee on Interstate and Foreign Commerce.

7324. By Mr. KISSEL: Petition of chairman New York League of Women Voters, urging passage of House bill 11490 transferring work of Interdepartmental Social Hygiene Bureau to the Department of Justice; to the Committee on the Judiciary.

7325. Also, petition of Kings County Republican Committee, favoring a child labor amendment to United States Constitution; to the Committee on the Judiciary.

7326. Also, petition of Maritime Association of the Port of New York, favoring passage of a bill providing for Government ownership and operation of Cape Cod Canal; to the Committee on Interstate and Foreign Commerce.

7327. By Mr. RAINEY of Illinois: Petition of Eaton Priddy Post, No. 111, of the American Legion, favoring an appropriation for the development and promotion of the Organized Reserves and the citizens' military training camps; to the Committee on Appropriations.

SENATE.

SATURDAY, *February 17, 1923.*

The Senate met at 11 o'clock a. m.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father who art in heaven, hallowed be Thy name. Thy kingdom come. Grant that we each may have a part in bringing in that kingdom until the kingdoms of this world shall become the kingdom of our Lord, Jesus Christ. Enable us in all our duties to find an earnest of Thee in the understanding of the times and in our desire to fulfill Thy will. Through Jesus Christ. Amen.

The reading clerk proceeded to read the Journal of the proceedings of the legislative day of Tuesday, February 13, 1923, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL.

Mr. McKELLAR. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Curtis	Harrison	McCormick
Ball	Dial	Heflin	McCumber
Bayard	Dillingham	Hitchcock	McKellar
Brookhart	Ernst	Johnson	McKinley
Bursum	Fernald	Jones, Wash.	McLean
Calder	Fletcher	Kellogg	McNary
Cameron	Frelinghuysen	Keyes	Moses
Capper	George	King	Nelson
Caraway	Gerry	Ladd	New
Colt	Glass	La Follette	Norris
Couzens	Hale	Lenroot	Oddie
Culberson	Harris	Lodge	Overman

Owen	Robinson	Sutherland	Warren
Page	Sheppard	Swanson	Watson
Phipps	Shields	Townsend	Weller
Pittman	Smith	Trammell	Willis
Pomerene	Smoot	Underwood	
Ransdell	Spencer	Walsh, Mass.	
Reed, Pa.	Sterling	Walsh, Mont.	

The VICE PRESIDENT. Seventy-three Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS.

The VICE PRESIDENT laid before the Senate resolutions adopted by citizens of Stoughton, Mass., in town meeting assembled, favoring the passage of legislation creating an agency of the Federal Government authorized to fix maximum prices for coal, providing that in the sale and shipment of coal at the mines or elsewhere orders from consumers, and dealers selling directly to consumers, shall take precedence over all other orders, and to provide for the prompt transportation of such shipments, which were referred to the Committee on Education and Labor.

Mr. ROBINSON presented a letter in the nature of a memorial from W. T. Sherman, of Eldorado, Ark., chosen a committee of one by the Eldorado (Ark.) Central Labor Union, to transmit resolutions passed by that union protesting against the passage of the so-called ship subsidy bill, which was ordered to lie on the table.

Mr. WARREN presented a resolution unanimously adopted by the convention of the National Association of Woolen and Worsted Overseers at Boston, Mass., favoring the passage of legislation establishing greater uniformity in the hours of labor in the textile industries of the United States, which was referred to the Committee on Education and Labor.

Mr. STERLING presented petitions of sundry citizens of Parkston, Dimock, Armour, Garretson, Menno, Freeman, and Clayton, all in the State of South Dakota, praying for the passage of legislation granting immediate aid to the famine-stricken peoples of the German and Austrian Republics, which were referred to the Committee on Appropriations.

He also presented the following concurrent resolution of the Legislature of South Dakota, which was referred to the Committee on Commerce:

A concurrent resolution.

Whereas South Dakota is almost wholly dependent upon agriculture, and consequently the market for agricultural products is of prime importance in our affairs; and

Whereas water transportation will reduce the cost of the carriage of wheat to the seaboard no less than 7 cents per bushel and proportionately upon other cereals, a saving that would add many millions to the market value of the products of our farms, to say nothing of the reduced cost of merchandise by reason of bringing the seaboard to the interior; and

Whereas the proposed Great Lakes-St. Lawrence deep waterway will bring South Dakota 2,000 miles nearer to the Atlantic and European markets and will result in substantial advantage to our markets and the consequent improvement to agricultural conditions and the general prosperity of the people: Therefore be it

Resolved by the Senate of the State of South Dakota (the House of Representatives concurring), That the Congress of the United States be, and it hereby is, memorialized and petitioned to promptly take such action as will result in immediate development of the Great Lakes-St. Lawrence deep waterway: Be it further

Resolved, That engrossed copies of this resolution be forwarded by the secretary of state to our Senators and Representatives in Congress and to the Secretary of the Senate and Chief Clerk of the House of Representatives of the United States, and to His Excellency the President of the United States, Warren G. Harding.

CARL GUNDERSON,
President of the Senate.
A. B. BLAKE,
Secretary of the Senate.
E. O. FRESCOLN,
Speaker of the House.
WRIGHT TARBELL,
Chief Clerk of the House.

Mr. STERLING presented the following concurrent resolution of the Legislature of South Dakota, which was referred to the Committee on the Judiciary:

A concurrent resolution.

Be it resolved by the Senate of the State of South Dakota (the House of Representatives concurring), That—

Whereas a resolution introduced by Hon. W. R. GREEN, of Iowa, for the submission of an amendment to the Constitution of the United States eliminating the exemption from taxation of National, State, and municipal securities has passed the National House of Representatives; and

Whereas such exemption has provided an avenue of escape from taxation of billions of dollars invested in such securities, thus increasing to an unwarranted degree the burdens imposed upon other classes of property; and

Whereas if this plan of exemption from taxation is to be continued the burden of taxation will fall most heavily upon the productive capital and will relieve nonproductive capital from its fair share of taxation: Now, therefore, be it

Resolved, That it is the sense of the Legislature of the State of South Dakota that provision should be made against the further continuance of this form of tax exemption and that said resolution should be adopted and an amendment should be made to the Constitution of the United States as proposed in said resolution; be it further

Resolved, That engrossed copies of this resolution be forwarded to the President of the United States and to the Hon. THOMAS STERLING and to the Hon. PETER NORBECK, Senators of the State of South Dakota.

CARL GUNDERSON,
President of the Senate.
A. B. BLAKE,
Secretary of the Senate.
E. O. FRESCOLN,
Speaker of the House.
WRIGHT TARBELL,
Chief Clerk of the House.

Mr. McCUMBER presented a petition, numerously signed by sundry citizens of the State of North Dakota, praying for the prompt passage of legislation stabilizing the prices of farm products to a level more nearly equal to the prices farmers have to pay for articles purchased, which was referred to the Committee on Agriculture and Forestry.

He also presented the following concurrent resolution of the Legislature of North Dakota, which was referred to the Committee on Commerce:

Senate concurrent resolution.

GREAT LAKES-ST. LAWRENCE WATERWAY PROJECT.

Be it resolved by the Senate of the State of North Dakota (the House of Representatives concurring therein)—

Whereas the great and natural resources of the State of North Dakota are as yet undeveloped, and said State is dependent upon agriculture for its prosperity, and agriculture being the fundamental basis for prosperity in all Northwest States; and

Whereas in a large measure, if not entirely, the price of agricultural products is dependent upon foreign markets; and

Whereas the present rates for transportation of such products are too high to be in just proportion to the price received therefor at terminal markets, and thus has a tendency to curtail the production of the staple articles of agriculture needed by all people in all lands; and

Whereas the Great Lakes-St. Lawrence waterway project, if completed and perfected, will furnish to the people of the State of North Dakota a cheaper method of transportation of their products to foreign markets, thus assuring them a higher revenue for the same: Now, therefore, be it

Resolved by the Senate of the Eighteenth Legislative Assembly of the State of North Dakota (the House of Representatives concurring therein), That we do hereby memorialize the Congress of the United States and respectfully urge that Congress take immediate action toward the passage of such laws or law which will make possible the early completion and perfection of the Great Lakes-St. Lawrence waterway project; be it further

Resolved, That the secretary of the senate send a copy of this resolution to the President of the United States and the President of the Senate and Speaker of the House of Representatives of the United States, and of the Montana and Minnesota Legislatures, respectively, also to our Members in Congress.

Approved by the Senate of the State of North Dakota and the House of Representatives of the State of North Dakota.

REPORTS OF COMMITTEES.

Mr. BAYARD, from the Committee on Claims, to which was referred the bill (S. 2625) for the relief of sufferers in New Mexico from the flood due to the overflow of the Rio Grande and its tributaries, reported it without amendment and submitted a report (No. 1157) thereon.

Mr. BALL, from the Committee on the District of Columbia, to which was referred the bill (H. R. 5027) to amend an act approved February 28, 1899, entitled "An act relative to the payment of claims for material and labor furnished for District of Columbia buildings," reported it without amendment.

ENROLLED BILLS PRESENTED.

Mr. SUTHERLAND, from the Committee on Enrolled Bills, reported that on February 17, 1923, they presented to the President of the United States the following enrolled bills:

S. 2531. An act to create a board of accountancy for the District of Columbia, and for other purposes; and

S. 3169. An act to equalize pensions of retired policemen and firemen of the District of Columbia, and for other purposes.

BILLS AND JOINT RESOLUTIONS INTRODUCED.

Bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as follows:

By Mr. CARAWAY:

A bill (S. 4579) to authorize the Lee County Bridge District No. 2, in the State of Arkansas, to construct a bridge over the St. Francis River; to the Committee on Commerce.

By Mr. NORBECK:

A bill (S. 4580) granting the consent of Congress to the State of South Dakota for the construction of a bridge across the Missouri River between Hughes County and Stanley County, S. Dak.;

A bill (S. 4581) granting the consent of Congress to the State of South Dakota for the construction of a bridge across the Missouri River between Brule County and Lyman County, S. Dak.;

A bill (S. 4582) granting the consent of Congress to the State of South Dakota for the construction of a bridge across the Missouri River between Walworth County and Corson County, S. Dak.; and

A bill (S. 4583) granting the consent of Congress to the State of South Dakota for the construction of a bridge across the Missouri River between Charles Mix County and Gregory County, S. Dak.; to the Committee on Commerce.

By Mr. LADD:

A bill (S. 4584) to prohibit interstate commerce in the drug heroin (diacetyl-morphine); to the Committee on Interstate Commerce.

By Mr. PHIPPS:

A bill (S. 4585) granting a pension to Alexander R. Banks; to the Committee on Pensions.

By Mr. McNARY:

A joint resolution (S. J. Res. 281) for the relief of St. Helens, Oreg., by improving the channel between the harbor of St. Helens and the Columbia River; to the Committee on Commerce.

By Mr. SMOOT:

A joint resolution (S. J. Res. 282) to amend the resolution of December 29, 1920, entitled "Joint resolution to create a joint committee on the reorganization of the administrative branch of the Government"; to the Committee on Appropriations.

KANSAS CITY, MEXICO & ORIENT RAILROAD.

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (S. 4528) for the relief of the Kansas City, Mexico & Orient Railroad, of Texas, Oklahoma, and Kansas, which was referred to the Committee on Interstate Commerce and ordered to be printed.

FISCAL RELATIONS BETWEEN THE UNITED STATES AND THE DISTRICT OF COLUMBIA.

Mr. PHIPPS submitted an amendment providing that pursuant to the report of the joint select committee appointed under the provisions of the act of June 29, 1922, there shall be credited to the general account of the District of Columbia, required under the provisions of said act to be kept in the Treasury Department, the sum of $7,574,416.90, being the reported balance in the general fund of said District, as shown on the books of the Treasury on June 30, 1922, as certified by the Comptroller General of the United States, and as verified in the report of said joint select committee, and that certain sums enumerated shall be debited against said fund, leaving free surplus revenues in the Treasury on June 30, 1922, belonging to the District of Columbia of $4,438,154.92, as reported by said committee, which shall be available for the same purposes and to the same extent as amounts otherwise properly credited to the said general account in the Treasury Department, intended to be proposed by him to the third deficiency appropriation bill, which was referred to the Committee on the District of Columbia and ordered to be printed.

AMENDMENT OF THE RULES—RELEVANCY OF DEBATE.

Mr. CURTIS submitted the following resolution (S. Res. 443), which was referred to the Committee on Rules:

Resolved, That Rule XIX of the Standing Rules of the Senate be, and the same is hereby, amended by adding at the end thereof a new paragraph, to be numbered 7, as follows:

"7. Debate shall be confined to the question under consideration, unless otherwise provided by unanimous consent, and if any Senator speak beside the question, the Presiding Officer shall, or any Senator may, call him to order, and when a Senator is called to order he shall be admonished by the Presiding Officer to proceed in order, and if he be called to order a second time under this rule he shall sit down and not proceed without leave of the Senate, which leave, if granted, shall be upon motion that he be allowed to proceed in order, which motion and all proceedings under this rule shall be determined without debate."

ADDRESS BY SENATOR LENROOT.

Mr. CALDER. Mr. President, I ask unanimous consent to have printed in the RECORD, in the regular type, an address delivered by the junior Senator from Wisconsin [Mr. LENROOT] at the annual dinner of the Alumni Association of the Law School of the New York University, in New York City, February 10, 1923, on the subject of Congress and the Constitution.

There being no objection, the address was ordered to be printed in the RECORD in 8-point type.

On the occasion stated, Senator LENROOT spoke as follows:

CONGRESS AND THE CONSTITUTION.

Mr. Toastmaster, ladies, and gentlemen, when I chose the subject of this address I hoped to be able to make such preparation as would enable me to present a careful review of the historical side of the subject to form the basis for some observations upon congressional government generally and pending proposals enlarging the powers of Congress to construe and, in effect, amend the Constitution. I regret that my official duties have been such that I have been unable to deal with the subject in the manner I had planned, and I must, therefore, content myself with a more general survey.

With the Constitutional Convention, its debates, its conflicting elements, and the necessary resulting compromises in the framing of the Constitution you are all familiar. But inasmuch as we to-day so often hear it urged by those who charge that we are drifting away from democracy and toward aristocracy, that we turn back to the ideals and purposes of the founders of our Government, it may not be amiss to dwell for a few moments upon the character of the men composing the Constitutional Convention, and some of the purposes they had in mind in agreeing to certain provisions of the Constitution.

There were 55 members entitled to seats in the convention. Of these, only about 20 took a prominent part in its deliberations. But of these 20, it may be truly said, "There were giants in those days." Strange as it may seem, there were the same contending elements of differing political theory that we have to-day—one distrustful of democracy as well as monarchy, the other having confidence that there could be no such thing as an excess of democracy in government.

As we look back through the years and read the history of that convention, we are impressed that although we like to pride ourselves that we have progressed greatly since then—and we have—that greater trust is now reposed in the people than was then thought wise, yet I do not believe it possible to have a convention to-day where the delegates would be men of such learning, of such ability, and patriotic purpose as were those men of 1787.

Distrustful of too much democracy, yet they reversed all political theories of their day in that they established sovereignty in neither the executive nor legislative departments of government, but in the people themselves. They had studied other governments in which sovereignty was in the King, or becoming more democratic, in the parliament or legislative assembly. But, in establishing our government, sovereignty was placed with the people. The Constitution and the executive, the legislative, and the judicial departments were but creatures of their will. They then proceeded to clothe their creatures with certain grants of powers, but to insure that such grants would not be abused set up a system of checks and balances familiar to us all. Of Congress, the House of Representatives was to be the popular body, representing more directly the will of the people, with frequent elections, while the Senate was designed to be the more conservative body, guarding property rights from encroachment by the popular will and representing the State governments as distinguished from the people within the States. When I hear some of our radical friends plead for a return to the government and ideals of the fathers, I wonder if they have any knowledge of what some of those ideals were.

The composition of the Senate, elected by State legislatures, as originally established in the Constitution, was determined upon motion of Mr. Dickinson in the constitutional convention, and Mr. Madison in reporting the debate tells us "Mr. Dickinson had two reasons for his motion: First, because the sense of the States would be better collected through their governments than immediately from the people at large; secondly, because he wished the Senate to consist of the most distinguished characters, distinguished for their rank in life and their weight of property and bearing as strong a likeness to the British House of Lords as possible, and he thought such characters more likely to be selected by the State legislatures than by any other mode." The motion was adopted. General Pinckney, another member, proposed "that no salary be allowed Senators, giving as his reason that as that branch was meant to represent the wealth of the country it ought to be composed of persons of wealth, and if no allowance was made the wealthy alone would undertake the service." His proposal was not adopted, but I have quoted him to show the conception the framers of the Constitution had of the Senate, and how we have departed from it in placing greater trust in the people. Many members of the convention expressed distrust of the people, and the word "demagogue" was used almost as frequently in the debates then as it is in the press to-day. Elbridge Gerry, one of the prominent members, said: "The evils we experience flow from the excess of democracy. The people do not want virtue, but are the dupes of pretended patriots. In Massachusetts it had been fully confirmed by experience that they are daily misled into the most baneful measures and opinions by the false reports circulated by designing men." There is opinion of the same sort to-day in certain quarters, which confirms the saying "There is nothing new under the sun." But as there is an exception to every

rule, the framers of the Constitution did have a new conception.

A written Constitution, made by the people, restraining not only their servants created by it, but restraining the people themselves from violating its terms so long as it was in force. Too much praise can not be given the men who framed the Constitution. It was not a perfect instrument, compromises were made, and defects may be shown, but they launched upon the world a system of government that has stood the test of 136 years, of four wars with foreign nations, and one domestic rebellion. It has passed the experimental stage, and if we and our children shall be true to our obligations of citizenship, it will live as its founders hoped, but hardly dared believe, through the ages.

That it has so lived, however, is due not alone to the framers, but more especially to John Marshall. Had it not been for his master mind I am afraid that the United States of America would have held now only a place in history, a Government that was but is no more. There were two things essential to the perpetuity of the Constitution, an authoritative construction of its provisions, independent of the legislative and executive departments of the Government, and also a liberal construction of the powers granted. Without these the Constitution of 1787 could not long endure. With them, together with the power of amendment provided for in the instrument itself, there is no reason why it should not live and serve as long as human beings shall inhabit the earth. The first essential was the establishment of the power of judicial review over the acts of Congress. This was definitely settled by the great opinion of Marshall in Marbury against Madison.

Never was his reasoning more conclusive, never was his logic more penetrating. I shall only take time to quote one paragraph from the opinion. He says, "The powers of the legislature are defined and limited, and that those limits may not be mistaken or forgotten the Constitution is written. To what purpose are powers limited, and to what purpose is that limitation committed to writing, if these limits may at any time be passed by those intended to be restrained? The distinction between a government with limited and unlimited powers is abolished if those limits do not confine the persons on whom they are imposed. It is a proposition too plain to be contested that the Constitution controls any legislative act repugnant to it, or that the legislature may alter the Constitution by an ordinary act." His reasoning is conclusive. Unless the Constitution be held superior to an act of Congress, the Constitution becomes a mere scrap of paper, an instrument "more honored in the breach than the observance." Marshall, however, does not go into the actual intent of the framers of the Constitution with reference to the power of judicial review of acts of Congress. He is content to read the intent from the instrument itself. But it has been argued in the past, and is being argued to-day, in attacks upon the court, that it has usurped the power of the legislature, and that the framers of the Constitution never intended that the Supreme Court should exercise any such power. In support of this they quote from a speech of Mr. Mercer, a delegate in the convention. But it is difficult to believe in the intellectual honesty of these men. One would naturally assume that anyone attempting to publicly discuss this question would have read all of the debate found in the reports upon the subject, but if he had he could never make such claim. As a matter of fact, 20 members of the convention, and they were the most prominent members, at various times expressed themselves as being of the opinion that the judiciary would have the power of review over legislative acts, and there were only three members who expressed themselves as being opposed to such power being lodged in the courts. One of the three was Mr. Mercer, but none of the three expressed an opinion that the power was not granted by the Constitution, only that it ought not to be.

I now wish to discuss very briefly what would have happened had the court held that it did not have the power of judicial review. The result would have been the destruction of the Constitution. To illustrate, a protective tariff would have been constitutional when the party favoring it was in control of Congress, it would have been unconstitutional when the opposition had control. Likewise as to internal improvements undertaken by the Government; and I might give several other illustrations where one party insisted that a policy of the other was contrary to the Constitution. But this is not all. But for the restraining influence upon Congress, who can tell what rights would have been impaired or destroyed in obedience to party bosses and representatives of special privilege upon the one hand, and the passing emotions of the people, led by unscrupulous demagogues, upon the other?

But, it is said, are not Senators and Representatives as patriotic and as conscientious as judges? I wish I could answer in the affirmative. I wish I could say that legislators have a most scrupulous and tender regard for the Constitution and would not go beyond the limitations placed upon them by it. I regret that I can not so answer. If I did one would only need to refer to the CONGRESSIONAL RECORD to confound me.

But to return to my subject. The doctrine of Marbury against Madison has long since been accepted by all political parties and the people generally. It would be interesting to follow the subject from the Marbury to the Dred Scott case, but time will not permit. It need only be said that the followers of Jefferson, the strict constructionists, did not fully accept it until after the decision of Chief Justice Taney, in the Dred Scott case, when the platform of the Democratic Party in 1860 declared—

Resolved, That the Democratic Party will abide by the decision of the Supreme Court of the United States on questions of constitutional law.

Again illustrating the truth of the old maxim, "It depends on whose ox is gored." Here the followers of Jefferson and Jackson, who had strenuously opposed the doctrine of the Marbury case, accepted it when a vitally important decision was made which was to their interest, and likewise the Republicans supporting the doctrine of Marshall and Hamilton for the first time began to question it. Happily the doctrine is now accepted by everyone, and no one proposes to change it except by amendment of the Constitution itself.

So much for the power of judicial review. The second essential for the permanency of the Constitution and our form of government was the doctrine of implied powers or liberal construction. Without this construction Congress would have been placed in a strait-jacket, utterly unable to function in such a way as to serve the people. Nevertheless, the contest between the strict and the liberal or loose constructionists went on for years and is still at times in evidence. Jefferson and Madison were the great exponents of strict, and Marshall and Hamilton of liberal, construction. I can not take the time to review this subject at length, but Jefferson, when confronted with the results of the application of his own doctrine, failed to practice what he had preached. The Louisiana Purchase conducted by him was the first important application in a concrete case of liberal construction. Under no circumstances could a strict construction of the Constitution have permitted the Louisiana Purchase, and yet to-day it stands as one of the monuments to Jefferson's greatness. It is only fair to say that he asked Congress to propose an amendment to the Constitution ratifying the Louisiana Purchase, but it was not done, and Jefferson himself never afterwards claimed that his act was a violation of the Constitution.

For many years strict, as against liberal, construction was a party issue, the Democratic Party taking the side of strict construction and the Whig and Republican Parties the liberal side. To-day the issue is practically dead. At least, it is not a matter of party alignment. In a general way it may be said the party in power to-day is for liberal construction, but when out of power takes the other view.

To conclude this phase of the subject, I do not think it can be denied that the great instrument framed in 1787 at Philadelphia would not have endured to this day had it not been for the establishment of the doctrine of judicial review and of liberal construction of the Constitution.

I now wish to devote a few minutes to a discussion of the exercise of the power of judicial review.

There have been only a few instances where its exercise has had an important bearing upon the life of the Nation. Its greatest value has been the restraining influence upon Congress to keep within the limits of the Constitution and the liberal construction of the document itself.

There have been some cases, however, where the court held acts of Congress invalid which were so important, and the decisions of the court were so contrary to the interests of the Nation that they did not long prevail.

I can not take time to more than recall the cases to your minds and what happened with respect to them. The Legal Tender case is one of the most important. Has the Congress of the United States power to make bills of credit a legal tender? was the question. It came before the court in the case of Hepburn against Griswold, and the legal tender act of 1862 was held unconstitutional; but a vacancy occurred in the court through the resignation of Justice Grier, and by act of April 10, 1869, Congress increased the number of members of the court by one, so President Grant had two appointments to make. Both of his appointees were of the opinion the act

was constitutional, and the case again came before the court in Parker against Davis. The decision in Hepburn against Griswold was overruled and the act was held valid.

I think this is the only important case where an important constitutional question was settled by changing the complexion of the court. The decision in the Dredd Scott case was overruled at the point of the sword, and the fourteenth and fifteenth amendments resulted.

The action of the court in holding invalid the income tax law of 1894, together with its action holding invalid the child labor law of 1916, can not, it seems to me, be successfully defended. But the Constitution was amended and income taxes are now levied under the express sanction of the Constitution, and the Constitution will soon be amended to permit the prohibition by Congress of child labor.

That the court is subject to just criticism in some of its decisions in construing the police power of the States, I believe is true, but that is a subject which I have not the time to discuss to-night nor you the patience to listen to. I wish to restrict my observations to Congress and the Constitution and the attitude of the court with respect to the same.

I may suggest, however, that members of the Supreme Court continue to be human beings after their appointment. While theirs is the last word of authority upon the Constitution, they are not infallible as men, and the Constitution itself provides a way by which their mistakes may be corrected. The only practical question is whether the method provided to amend the Constitution is too difficult. I am frank to say that I think it is. I believe that as to certain matters affecting fundamental rights of men, rights that are based upon principles that can not change with time or circumstance, because they are the foundation stones of civilization itself, that there should be no relaxation of the difficulty of amendment. But as to matters of policy of government, I believe we might safely provide that amendments touching those matters when proposed by Congress and ratified by direct vote of the people in two-thirds of the States, instead of three-fourths, should become valid amendments to the Constitution.

There is, however, an insidious propaganda to destroy the power of the Supreme Court to pass upon the validity of acts of Congress, and to make of Congress the supreme judge of its own acts. It is proposed that if the Supreme Court shall hold an act of Congress unconstitutional it shall again be considered by Congress, and if passed by a two-thirds vote of each House it shall become a law, notwithstanding the action of the Supreme Court.

Should this ever come to pass, the end of the Constitution will not be far distant. It is astonishing that this proposition should come from the source it does. It emanates from those who declare that human rights are being destroyed by the courts. They also declare that Congress is worse than the courts; that Congress is utterly reactionary, and that the Members of both Houses, with a few exceptions, are controlled by Wall Street and the predatory interests of the country. Their proposition is: "We have no confidence in Congress; it does not represent the people, but only special interests, and we propose to amend the Constitution so as to provide that whatever such a reactionary Congress may do if supported by a vote of two-thirds of its membership shall be the law of the land, notwithstanding the provisions of the Constitution of the United States." They say they are willing that the rights of free speech, the right to peacefully assemble, the right of religious freedom, of trial by jury, and all of the other rights guaranteed by the Constitution shall be placed in the hands of a Wall Street Congress, with the power to destroy them by a two-thirds vote. To say the least, there has been a great deal of loose and hurried thinking by those favoring this proposition. As for myself, while I have a higher regard for Congress than the proponents of this amendment, I hope I shall never live to see the day when by a two-thirds vote of Congress any man may be denied the right to worship God according to the dictates of his conscience, when right of trial by jury may be denied, or any of the other rights handed down from Magna Charta and embodied in the Constitution of the United States.

While the power of judicial review is well established, it relates only to inquiring and determining whether an act of Congress or of the States is in conflict with the Constitution. The court has no power to inquire into the wisdom of acts of Congress falling within its constitutional powers. For the court to legislate is as much a violation of the Constitution as for Congress to exceed the limits of its constitutional powers. In one notable case the Supreme Court has read into a valid statute words not placed there by Congress and which Congress had repeatedly refused to place there. I refer to the Sherman Anti-trust Act as construed in the Standard Oil case. I believe that that opinion will always stand as a reflection upon that great court. It is no answer to say that in this case Congress has seen fit to accept the amendment of the statute made by the court. The fact is that the court acted not in a judicial but in a legislative capacity under every rule of legislative intent and the doctrine of stare decisis. However, the exercise of such power can never bring lasting injury, for Congress always has power to amend the law within its constitutional powers and declare its will in such unmistakable language that the court will be compelled to follow it.

I now pass to a very brief consideration of the eighteenth amendment and the present agitation concerning it. I shall refer only to its legal aspects wholly apart from the merits or demerits of prohibition. It is a part of the Constitution, and it is the duty of Congress and the Executive to enforce it and of every citizen to abide by its terms. It is the right of every citizen to advocate the modification or repeal of the eighteenth amendment, but no citizen has the right to ask Congress to violate its terms. There is a widespread propaganda to secure legislation from Congress permitting the manufacture and sale of beer and light wines. That Congress could constitutionally increase the alcoholic percentage of beer to between 2 or 3 per cent is admitted. Whether it should do so is a question of policy, but to go beyond that or permit the manufacture or sale of light wines would clearly violate the Constitution. To use the language of the Supreme Court, "the eighteenth amendment is operative throughout the entire territorial limits of the United States, binds all legislative bodies, courts, public officers, and individuals within those limits, and of its own force invalidates every legislative act whether by Congress, by a State legislature, or by a Territorial assembly which authorizes or sanctions what the section prohibits."

Any attempt, therefore, to secure legislation permitting the sale of intoxicating beverages is asking Senators and Representatives to deliberately violate their oaths of office, and all to no purpose, for the court would hold any such legislation invalid.

The remedy for such ills as can be remedied is by obedience to the Constitution, securing amendments where amendments are necessary, by the appointment of judges of our courts who are not only able lawyers but men of human sympathies and outlook, living neither in the last century or the next, but in the living, throbbing world of to-day, keenly alive to the thought and aspirations of the people, and who will apply the Constitution to twentieth-century problems with twentieth-century minds.

It should never be forgotten by members of all courts, and by lawyers as well, that, to use the language of the Supreme Court in the case of South Carolina against United States, "the Constitution is a written instrument. As such its meaning does not alter, and what it meant when adopted it means now. Being a grant of powers to a government, its language is general, and as changes come in social and political life it embraces in its grasp all new conditions which are within the scope of the powers in terms conferred. In other words, while the powers granted do not change, they apply from generation to generation to all things to which they are in their nature applicable." And we should never forget the words of Story: "The instrument was not intended to provide merely for the exigencies of a few years, but was to endure through a long lapse of ages, the wants of which were locked up in the inscrutable purposes of Providence."

The Constitution has not outlived its usefulness. Its protecting care was never more needed than to-day. It is the duty of every citizen to withstand every assault upon it, whether its enemies be predatory interests seeking special privileges to the public injury or whether they be those who are opposed to any government that would safeguard and protect the rights and liberties of every citizen under its flag.

That Congress shall at all times have respect for and be governed by the Constitution is the responsibility of the voters. It is their obligation to see to it that Members of Congress, Senators and Representatives, shall be men who will legislate not for bloc or class or section but for all the people of America, who recognize that duty to country comes before duty to party, men who shall do their part to conserve all that is good in our past and strive to make to-morrow better than to-day.

PROHIBITION ENFORCEMENT.

Mr. STERLING. Mr. President, I have here a clipping from the Christian Science Monitor, under the heading "Editorial notes," which relates to prohibition. It is short and I ask that it may be read at the desk.

The VICE PRESIDENT. It will be read as requested.

The reading clerk read as follows:

[From the Christian Science Monitor.]

EDITORIAL NOTES.

Whatever may appear to be the extent to which the prohibition law in the United States is being willfully disregarded by the rich, indications on every hand point to the fact that since the enactment of the Volstead Act drunkenness among the poor has diminished so considerably as to have practically disappeared in many sections of the country. In this connection, what Dr. Thomas J. Riley, general secretary of the Brooklyn (N. Y.) Bureau of Charities, recently stated may be taken as authoritative. He declared in part:

"Of the families that come to the Bureau of Charities for aid, the percentage in which drunkenness is a cause of their need has declined from 12 per cent in 1916 to 4 per cent in 1922. * * * This decrease is not peculiar to New York City. * * * In Cleveland the percentage dropped from 11.15 in 1919 to 2.61 in 1921; in Boston, from 10.63 to 2.28; in St. Louis, from 6.03 to 0.70; in Milwaukee, from 9.64 to 3.45; in New Haven, Conn., 13 to 0.3; and in Rochester, N. Y., 15.3 to 3.8.

"This decline is coincident with the spread of State and National prohibition, and one who works with families can not escape the conviction that it is chiefly, if not wholly, due to the enforcement of prohibition, however faulty it may have been."

Such figures do more for the cause of prohibition than almost any amount of propaganda by the wets can do against it. What is more, such families as those to whom Doctor Riley refers constitute a mighty section of the Nation, and it may be taken for granted that, having once tasted the benefits of prohibition, they will have something very definite to say before permitting its modification in the slightest degree.

MEMORIAL ADDRESS ON THE LATE REPRESENTATIVE HENRY D. FLOOD, OF VIRGINIA.

Mr. SWANSON. Mr. President, on the 10th of last December the remains of the late Hon. H. D. Flood, formerly a Representative from the State of Virginia, were removed from a vault in this city, where they had been temporarily placed with appropriate ceremonies, participated in by the Senate and House of Representatives, to their final resting place in a mausoleum at Appomattox, Va., his home. The occasion was made notable by the attendance of a vast concourse of people from all parts of Virginia, including the highest State officials, who thus met to pay just tribute to this distinguished Representative, so dearly loved and so highly esteemed by the people of his native State. Upon this occasion I was requested to deliver an address.

I ask unanimous consent that the address then delivered by me may be printed in the RECORD in 8-point type and be made a part of the "Memorial Addresses" to be published regarding the life, character, and public services of the late Representative Flood.

There being no objection, the address was ordered to be printed in the RECORD in 8-point type, as follows:

Senator SWANSON spoke as follows:

"Ladies and gentlemen, We have assembled to-day to put in his final resting place and pay just tribute to one who while living possessed in a most preeminent degree our abiding and abounding love. If permitted to pursue my own inclination instead of addressing you, I would be a silent participant in these exercises, communing with my own great sorrow in the loss of one who was closer and dearer than a friend—one for whom I entertained an affection and admiration equal to that of a brother. For more than 35 years I knew him intimately, our relations, personal and political, being closely intertwined. There were no shadows on our friendship, no secrets in our hearts.

"Our association began at the University of Virginia in 1885 when we were members of the law class, graduating the same year and commencing at the same time our professional and political careers. At the university he was my college chum—our relations fully measuring up to all this term implies. We studied together; we visited together; we recreated together, discussed our future hopes and ambitions, and were closely associated and cooperated in all class and college politics. We were inseparable, and each rejoiced in the others' honors and preferments almost like they were personal triumphs.

"How vividly do I recall these halcyon college days, so bright, so joyous, made doubly so by dear 'Hal,' as we all lovingly called him! The chivalric feelings of friendship and admiration then formed never cease, but continue through life and gather strength with each receding year. How sweet and inspiring are the days of early youth, sparkling with unselfish friendship, gleaming with lofty aspirations and high ideals, unburdened by cares and responsibilities, with young blood rapidly coursing through the veins, and we looking upon life as through a gilded veil and everything appearing so bright, so pleasing. The poet has well expressed it:

"We are stronger and better under manhood's sterner reign,
But still we feel that something sweet,
Followed youth with flying feet,
And will never come again.

Something beautiful has vanished and we sigh for it in vain,
We behold it everywhere,
On the earth and in the air,
But it never comes again.

"Ah, the ties of love and friendship then formed never break. Like hooks of steel they grab and hold through the stress and storm of life. Thus it was with Hal Flood and myself. The friendship then pledged and formed continued and increased to his death. In the many political conflicts in which we engaged we were to each other a supporting and sustaining friend. Where one was seen on the field of conflict the other was invariably found. When his untimely death came, upon none did the blow fall more heavily than upon me. None miss more than I his cheery smile, his cordial greeting, his generous and kind consideration, and the friendly pulsations of as loyal and manly heart as ever throbbed in human breast.

"Hal Flood possessed an unusually attractive and pleasing personality. His clear, open, frank, blue eyes looked you straight in the face, bespeaking honesty, integrity and truth. He loathed a lie and a falsehood never soiled his lips. He had a cheerful, hopeful disposition which radiated sunshine and happiness. His presence dispelled gloom and doubt. His manner was cordial and hearty, easily winning good will. His society was universally sought and enjoyed. He was the soul of chivalric honor and integrity. His word given was never withdrawn nor broken. No personal dangers, no allurements or promptings of personal advantage or preferment could induce him to violate a promise. Those who knew him trusted him implicitly.

"He had a heart as courageous as a lion, declining no conflicts and fearing no danger. The fiercer the conflict the more resolute he became. His moral courage was equal to his physical courage. He never evaded an issue, he never shirked a responsibility; at times carrying this splendid virtue to a point almost beyond the limits of prudence and discretion. No man of my acquaintance surpassed him in the manly virtue of courage, both moral and physical. In all fierce political contests his clear voice rang out with bold defiance and encouraging hope. This battle call of his was a great rallying force in hours of doubt and confusion.

"This quality marked him as an aggressive leader, cheered and loved by an enthusiastic following. He hewed his way to the front with the battleax of the warrior. He despised preferment obtained by the insinuating arts of the demagogue. His chosen place of action was on the field of battle and not in the cloister of intrigue and diplomacy. He was the Rupert of Virginia Democracy—bold, courageous, and daring. He cheerfully and proudly wore scars obtained by fidelity to friendship or for a cause espoused.

"He possessed a persistency and perseverance of purpose which would have attained distinction in any vocation of life selected. When he reached a conclusion in the course of life no obstacles could deter him in continuous effort to reach the attainment. He was the personification of tireless energy and determined effort. He hammered, hammered, and hammered until success came. His industry was as much an element in his success as were his moral and intellectual qualities. From early youth to death his life was one of ceaseless activity. This sapped the foundations of a constitution phenomenal in its robustness and strength and occasioned his early death.

"Only those who are actively engaged in public life know its heavy exactions, its ceaseless wear and tear, its continuous mental and physical strain, all of which must finally end in a shattered constitution unable to sustain the heavy burden. Hal Flood's death bears testimony to his unselfish and patriotic devotion to public duties regardless of personal consequences. For years before his death he knew of his ailment and of its dangerous character, but it did not deter him from discharging his full share of public duty and responsibility.

"He died with his armor on, as chivalric, as brave, and worthy a champion as ever contended for a cause. His life illustrated forcibly and completely those striking lines from one of America's greatest poets:

"The heights by great men reached and kept
Were not attained by sudden flight,
But they, while their companions slept,
Were toiling upwards in the night.

"Hal Flood's intellectual attainments were of rare excellence. He possessed a strong masculine mind, fully capable of logical reasoning and of reaching safe and sensible conclusions. He was thoughtful and gave public questions full and conscientious examination and consideration. He mastered the details of questions and arranged his conclusions and expressions logically and attractively. He had a splendid, regular, and orderly mind that worked harmoniously. What he lacked in brilliance and eloquence of expression he more than made up by strength and solidarity. He was a ready and aggressive debater and an attractive, instructive, and entertaining speaker. He was highly educated and splendidly read in history, literature, and law. His intellectual attainments were

such as to enable him most efficiently to discharge any position in our State or National Government.

"He possessed to a preeminent degree those moral qualities which constitute the foundation for success in any of life's undertakings. He had a deep religious conviction which was well known by those intimately acquainted with him. This was one of his marked characteristics. He had absolute faith in the Christian religion, its teachings, and its promises for the future. How often have I seen him when he had been through exciting storms and conflicts humbly kneel before retiring to engage in prayer. This he did in early life when I first knew him and continued to his death.

"This denoted a religious reverence and a deep strain of Christian faith, which ennobled him in my mind and bore testimony of his splendid worth as a Christian character. It was always done in such an unostentatious way and with such simplicity as to prove his deep conviction and sincerity.

"These splendid moral and manly qualities were further enriched by a gentle nature and an affectionate heart. Like all true Virginians, he cherished almost to a passion the ties of blood and family. Never in all of my experience have I seen a sweeter, deeper, and more enduring love than that which he possessed for his only sister. It was a flower he cherished in his youth, and its fragrance filled his heart until the hour of his death.

"The shadow of death never fell upon a purer, sweeter, happier home, where mother, father, children lived in mutual adoration. His love for his wife went to the deepest depths of his noble heart. A widow now weeps where almost yesterday a wife adored; two orphans now mourn where almost yesterday two children lovingly played on a father's knee. He was a most dutiful son, a generous, loving brother, a most devoted, attentive, and incomparable husband and father.

"This man, with qualities of mind and heart of the warrior type, gave new grace and brought new charms to social and domestic life. A man possessing such qualities of mind and heart could not fail to attain success in any undertaking to which he might aspire. Capacity, character, and courage are the three great elements forming the foundation upon which success is builded. Each of these splendid qualities strikingly existed in Hal Flood and contributed to the great success he attained. Statesmanship consists in the wisdom to discern the right pathway and then in the character and courage to follow the right pathway when found. Hal Flood had the wisdom to discern and then the valor to follow this pathway. This makes great and successful men. The measure of life's success is not the days you have lived but the distance you have traveled. His life was crowned with honors, triumphs, and the affection and admiration of the people of his district and the State of Virginia. He had traveled far on the road of honorable success.

"He had just passed the age of 21, which made him a citizen, when he was elected to the General Assembly of Virginia, being at that time the youngest member of that body. He at once attained prominence by his indefatigable industry, his ability as a debater, his thorough and varied information upon legislative matters. He was at this youthful age one of the most potential members of the general assembly, and his rapid advancement gave promise of his future career of high honor and great usefulness.

"He was shortly afterwards elected Commonwealth's attorney of Appomattox County, which position he held for years, filling it with marked ability and fairness and increasing his reputation as a lawyer and the esteem of the people of his county for his faithful and fearless discharge of his duties. He practiced at the bar of all the surrounding counties, and soon acquired one of the largest and most lucrative practices in his section. He was recognized as a leader of the bar of the courts in which he practiced. There is no greater school in the world for the development of men for usefulness and responsibility in after life than the practice of law in country circuits. Far from law libraries and legal authorities, lawyers are here compelled to settle difficult questions of law by force of their intellect and by persuasive argument addressed to court and jury. Legal contests are clashes of intellect, and not a race of industry in collecting authorities and decisions. It is a school for developing clear, logical reasoning, cogent and forceful expression, great resourcefulness, and efficient management of men and matters.

"From this school has emerged America's most eminent lawyers, statesmen, and orators. From it came Patrick Henry, the forest-born Demosthenes, whose eloquence called a continent to arms; from it came Chief Justice Marshall, the greatest of all modern jurists, whose mighty decisions infused life and vigor into the Federal Constitution, a dry legal parchment, forming under it the most efficient and capable of governments; from it came Thomas Jefferson, the founder and father of the democracies of the world; from this school emerged Douglas, Lincoln, Andrew Jackson, Clay, and many great and distinguished men whose achievements illuminate the pages of American history.

"Those who are capable of surviving the fierce mental contests daily encountered in these courts are equipped for success in any arena of life. Hal Flood, by sheer force of industry, intellect, persuasive power of speech, and masterful management of men, attained distinction at the bar of these several counties and prepared himself for the successful legislative career in State and Nation with which his after life was so splendidly adorned.

"His success in politics largely obscured his success, ability, and reputation as a lawyer, which was very extensive, large, and commanding. So successful was his career in the general assembly and in his administration of the office of Commonwealth's attorney that the people of the several counties in which he practiced law soon sent him to the Senate of Virginia, which position he filled for many years with marked ability. He was practically the leader of the Virginia Senate, a body composed of able and worthy men, and many of the great legislative acts which benefited the people of Virginia were the products of his brain and the handiwork of his masterful hand.

"He became the leader and adviser of all the surrounding counties, where the people knew him and recognized his worth as a man and his ability and patriotism as a public servant. That these surrounding counties were securely held for good government in Virginia and did not come under the domination of ignorant negroes was largely due to the skill of Hal Flood as a political leader, his great capacity, his tireless energy, and his indomitable pluck and courage. He stood firm and adamant as a rock, around which the good moral forces of this section rallied in their contests for good government and white supremacy.

"These elements in one so young gave him an enthusiastic following, which determined that he should be sent to Congress and given a broader field for his talents and usefulness. In 1896 he was nominated for Congress by the Democrats of the tenth congressional district, but was defeated in that election. He might have availed himself of legal technicalities and possibly have received the certificate of election. I recall how manfully he repudiated any suggestion to accept such a commission and forcibly stated that he never wished to represent a people unless he was satisfied he was entitled to do so by the people's free and fair choice. This splendid conduct endeared him to his friends and won the esteem and respect of his political enemies. He desired no honor not fairly won and honorably bestowed.

"I recall meeting him a short time after his defeat, which would have ended the political career of most men, but it did not in the least affect his stout heart nor lessen his firm and honorable ambition. In this—the only defeat that ever came to him in his long and successful political career—he displayed a manly worth, a hopeful courage, and a fearless determination which proved his greatness as much as any triumph that crowned him. It is in the hour of defeat and disaster that the innate greatness and power of men are displayed. Those who can triumph over the discouragement incident to defeat will long wear the crown of success. This truth was fully illustrated in the life of our dear friend.

"Four years after this the Democratic voters of this congressional district renominated him for Congress. He was overwhelmingly elected and continued to serve the people of his district until the hour of his death—for more than 20 years. In my long experience in public life I have never known a Representative to have closer relations with his district or possess to a greater degree their affection, esteem, and admiration than did Hal Flood. The people of his district followed him with a loyalty, with a constancy, and with a devotion that was unexcelled. So deep was their affection they almost considered his political friends were their friends and his political enemies their enemies. Never did a Representative serve a people more faithfully, more efficiently, and more willingly than did he the splendid citizenship of the tenth district. Their troubles were his troubles, their desires his desires, their misfortunes his misfortunes, and their successes his successes. We here witness a spectacle so pleasing and so consoling in politics of a Representative and his people welded together by an insoluble bond of affection and esteem. Such ties lighten the burdens of political life and makes an onerous work a duty of love and delight. It gives a gleam of sunshine to political life with its storms, tempests, and hardships. Frequently Hal Flood was deterred from listening to the promptings of ambition for higher honors and

broader fields of usefulness because he feared that the change might lessen this association which so strongly and so delightfully bound him to the splendid people of this district. Frequently have I heard him give expression to this sentiment. The heart throbs of the people of this district met a full and grateful response in the pulsations of his noble heart.

"His career in Congress was one of great usefulness and marked distinction. An able, accomplished, and thoroughly equipped debater, he was listened to with great attention and had much influence in the House of Representatives. He was chairman of the Committee on the Territories of the House and was for many years largely responsible for the legislation governing our Territories. This entailed great work and responsibility on him, which he efficiently and faithfully discharged. He was the author of the resolution which admitted Arizona and New Mexico to statehood, and thus to him belongs the honor of placing the last two stars in Old Glory, thus completing statehood of continental United States. Under his wise and constructive statesmanship the measure was enacted giving to Alaska, that land of wonderful wealth and enchanting beauty, its first legislative assembly, forming the greatest epoch so far in its history.

"The people of the various Territories for which he as chairman of the Committee on the Territories legislated acquired for him an affection and esteem equal to that possessed by the people of his district and State. Their sorrow at his untimely death was deep and profound. They had learned to appreciate his fairness, his statesmanship, his ability, and his deep interest in their welfare and progress. His achievements as chairman of this committee furnished proof of his ability as a constructive statesman.

"He was made chairman of the great Committee on Foreign Affairs in January, 1913, which responsible place he held as long as the House was Democratic, until the 4th of March, 1919. He was chairman of this great committee, with all of its vast responsibilities and burdens, during the great World War and for some time after the conclusion of peace. During the great World War he occupied a most important place in the House of Representatives as chairman of this great committee. He introduced in the House and secured the passage of the resolution declaring war against the Imperial German Government, and opened the debate on this resolution with a speech of rare ability, clearness, eloquence, and power. This address made a profound impression in the entire country and marked him as a man of unusual ability.

"In the House of Representatives, with all of its conflicting views and interests, the responsibility of guiding our foreign affairs during the Great War was intrusted to him. It was a most difficult task, requiring rare ability, masterful management of men, and great parliamentary skill. He fully measured up to the responsible duties imposed, and greatly added to his established reputation as a debater, parliamentarian, and statesman. During these dark days and by the handling of these grave responsibilities he grew from a State to a national character, becoming one of the potential and trusted men of the Nation. If he had lived and continued in the House of Representatives, the highest honors, the most important posts the House had to bestow were within his grasp. He had attained an acknowledged position where the highest honors inevitably would have crowned him.

"With this work and these burdens, which were sufficient for anyone to bear, he had assumed at the same time other grave and important responsibilities. He was made chairman of the Democratic National Congressional Committee, which directed the campaign for the election and return of Democratic Members in all the congressional districts of the United States. He was absorbed in this work, conscientiously and industriously meeting all the vast and varied duties appertaining to this important position. Only those who have been connected with national campaigns can fully appreciate the immense and important work thus entailed upon him. In this he displayed ability as a national leader in politics, was most successful, and his associates insisted upon his continuance in this arduous position.

"But this was not the limit of his work and responsibility when he died. The Democratic State committee of Virginia had unanimously elected him as chairman of the Democratic Party to conduct the last gubernatorial election. All the work, burdens, and responsibility of this campaign were imposed on him. He went into this election with all the energy, activity, zeal, and enthusiasm he possessed. He campaigned the State; he organized the Democratic Party; he put spirit, enthusiasm, and determination in the Democratic ranks, and by his indomitable energy, judgment, wise and courageous management of the campaign he achieved the greatest success ever obtained by the Democracy of his State.

"We have the consolation of knowing the last days of his life were cheered by this splendid Democratic victory and were crowned with the loving admiration of a grateful State Democracy. All of this vast work which he assumed he was able to successfully administer because he worked systematically, orderly, and energetically, and gave all of his mind, intellect, and time to the work he had assumed.

"In every line of human endeavor that he entered he made marked success. He was a successful business man, and if he had devoted his time and talents to the accumulation of money he would have been one of our richest men. Few possessed better business judgment.

"He was a member of the constitutional convention, and one of its most influential members. His work in this convention alone would have entitled him to the everlasting gratitude of the people of Virginia. He was a member of the State debt commission, which amicably settled the existing debt between Virginia and West Virginia. His judgment, his ability, his skill, his power of managing men were largely instrumental in effecting the happy results of this delicate and intricate matter.

"During his long political career no scandal ever soiled his fair name, no stain ever followed his footsteps. He possessed to a preeminent degree sterling honesty, that great virtue around which all other virtues cling, without which they, groveling, fall in dust and weeds. This clean and brilliant record had so impressed the people of Virginia that they would have willingly bestowed upon him any honor, any position, however exalted, within their power to bestow.

"It is well that his remains will rest in the dear old county of Appomattox. He loved every inch of her soil, her people were closer to him than all others. How often in speaking of the future and of his old age had he pictured with delightful anticipation living among her kindly people and engaging in the cultivation of the farm which he cherished to a passion. We lay to rest here one of Appomattox's most distinguished sons, one who brought distinction to this county, one who was a potential factor in the distribution of blessings to State, Nation, and humanity. He comes to remain among the people who loved him with a deep affection and who had for him a confidence and admiration never excelled.

"As we gather here to-day we can not fail to recall some of the close associates of Hal Flood, who have departed this life and whose society we believe he now enjoys. Foremost and first, Senator Daniel, possessed of a marvelous eloquence, able, patriotic, whose gleaming brilliance and genius made Virginia famous and illustrious the world over; then, that sturdy character, that splendid statesman and leader, Senator Martin, the personification of wisdom and achievement; Frank Lassiter, the soul of chivalry, courtesy, gallantry; dear Walter Watson, cultivated, judicious, gentle, and attractive as a woman, strong and firm as a man; Edward Saunders, the best parliamentarian that ever presided over the General Assembly of Virginia, an intelligent giant, cold exterior but a warm, kind heart; Robert James, the wise and capable Democratic chairman and leader of whom it may well be said: He never failed a friend, he never forgot a favor.

"My friends, standing at the grave of our departed loved one, our belief in a Supreme Being, just and merciful, and in the immortality of the soul, furnishes us consolation in our grief and illumines with hope the dark shadows of our sorrow. 'If a man die shall he live again?' has been the perplexing problem which has agitated alike the keen intellect of the philosopher and the untutored mind of the savage. Is death the end of our individual and conscious being? Are all of these pleasing sensations, these delightful thoughts and ardent affections, our glowing hopes and our lofty aspirations, our conscious capacities for happiness and knowledge which we feel expanding—are all of these to cease at death and be buried in the grave? If this be true, as Chauncey Giles has well said, 'then man is the greatest enigma in the universe. Compared with the possibilities of his nature, he is the fading flower, the withering grass, the morning cloud, the tale is told.'

"But if death is, as we believe, but the withdrawal of a man's spirit, the real man, from the material body to enter into an endless career of immortality, then is the mystery of man's existence here solved. Life and death form but parts of one grand drama. Death becomes the real step in life by which man ascends in order to attain the fruition of his hopes and aspirations. As has been well said, death is the means by which one acquires the fulfillment of which this life is but a prophecy. Death, my friends, is of the body, not the spirit. To the spirit death means the seed time, the budding time is over, and that the spirit, with all of its faculties alive and increased, will now blossom and bear immortal fruit. Death releases the spirit from the restraints of the material body, enabling it to soar to

lofty heights for which it has so long pined, and to gratify those pure yearnings so long unsatisfied.

"As a writer has well said: 'Death, like the sunset, speaks, but speaks only feebly of the glories of another day.' Toward death we feel like Tennyson, one of England's sweetest poets:

"Nor blame I death because he bare
The use of virtue out of earth,
I know transplanted human worth
Will bloom to profit otherwhere.

"To the wise and pure death opens the shining portals of an endless day, gorgeous with perpetual glories.

"My friends, in conclusion, let us all so conduct our lives that when the time comes for us to depart we can calmly and serenely face death without terror. Let our lives, like that of our beloved friend here, be so replete with good deeds for our fellow man, so full of achievements for humanity that our memory will ever be a blessing and an inspiration to those who shall follow us. Let us follow faithfully the advice given in those beautiful lines of Charles Kingsley:

"Do noble things, not dream them, all day long
And so make life, death, and that vast forever
One grand sweet song."

BELLS FOR HOUSE OF HOPE CHURCH, ST. PAUL, MINN.

Mr. McCUMBER. From the Committee on Finance I report back favorably without amendment the bill (S. 3973) to remit the duty on a carillon of bells to be imported for the House of Hope Church, St. Paul, Minn. I call the attention of the junior Senator from Minnesota [Mr. KELLOGG] to the report. I merely desire to say that we passed a bill in precisely similar terms and for the same purpose for the Church of Our Lady of Good Voyage at Gloucester, Mass., on the 28th day of last February.

Mr. KELLOGG. Mr. President, I ask unanimous consent for the immediate consideration of the bill.

Mr. ROBINSON. Let the bill be read.

The bill was read as folows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to admit free of duty a certain carillon of 28 bells to be imported for the House of Hope Church, St. Paul, Minn.

Mr. KELLOGG. I ask unanimous consent that the bill may be now considered.

The VICE PRESIDENT. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

Mr. FLETCHER. Mr. President, will the Senator from Minnesota explain what the purpose of the bill is?

Mr. KELLOGG. The bill proposes to permit certain bells, which are for a church in St. Paul, Minn., to be imported without the payment of duty. The church is a modest one, without much means, and it is anxious to secure the bells. The bells are very fine, but the church can not afford to pay the duty on them.

Mr. McCUMBER. The bells have been presented to the church, let me suggest to the Senator from Minnesota.

Mr. KELLOGG. I might say that the bells are a present to the church; that it did not buy them, but they were given to it. Of course, however, the church will have to arrange for the importation of the bells.

Mr. FLETCHER. Can the Senator from Minnesota state what the amount of the duty on the bells would be?

Mr. KELLOGG. I do not know whether that information was submitted to the committee or not.

Mr. McCUMBER. I think the amount of the duty would be about $7,500, and the bells would be worth about $15,000. I repeat that we passed exactly the same kind of a bill for the benefit of another church in Gloucester, Mass., a very short time ago.

I desire to say, in addition, that the donor of these bells attempted to ascertain whether the same kind of bells could be manufactured at any place in the United States, and he was unable to find a foundry which could make them here. They are imported from Belgium and, as has been stated, they were given to the church.

Mr. ROBINSON. Mr. President, I do not desire to object to the consideration of the bill, but I should like to inquire of the Senator from North Dakota [Mr. MCCUMBER] why the general law can not be modified so as to permit the importation free of duty of articles coming within the class that is embraced within this bill, so as to avoid the necessity of frequently legislating in individual cases? It does seem to me as though some general provision of law ought to be enacted which would avoid the necessity for the passage of special bills.

Mr. McCUMBER. I desire to say to the Senator from Arkansas that that could be done; but we had that matter under consideration by the Committee on Finance, and it was impossible to fix a proper line of demarkation as to what articles should be imported free of duty. By special bills the importation of such articles has only been allowed where there were no profits and where the article desired to be imported was a gift to a church or for charitable purposes.

Mr. ROBINSON. I believe that in every instance——

Mr. CALDER. Mr. President, will the Senator from Arkansas yield to me?

Mr. ROBINSON. I will yield in just a moment. I believe that in every instance where a request is made in such a case the duty has been remitted; and it would seem, if it is the policy of the Government not to tax such articles as are designed for the uses embraced in this bill, that that policy ought to be established in the general law and carried out.

Mr. CALDER. In further response to the inquiry of the Senator from Arkansas, I would advise him that when the present tariff law was passed the subject referred to by the Senator was before the Senate Committee on Finance. On my motion we incorporated a provision in the bill to permit the importation free of duty of altars, communion services, and other articles designed for church use, and works of art generally for church purposes where they were donated. Apparently we did not include chimes or bells, but those were the only articles of which I know which we did not include, and had attention been called to them, perhaps they also might have been included.

Mr. KELLOGG. Those articles were probably omitted by inadvertence, and it is only where such articles have been donated, as they have been in this case, that we ask for legislation permitting them to be imported free of duty.

Mr. KING. Mr. President, it seems to me that this bill ought to go through. I regret that church bells are not on the free list, and I suggest that if the passage of this legislation will induce the distinguished Senator from Minnesota [Mr. KELLOGG] and others to attend church and listen to the beautiful chimes, we ought to be very glad to pass the bill.

Mr. KELLOGG. I think that is a worthy object.

Mr. HARRISON. Mr. President, I have no desire to embarrass the passage of this bill, but I desire to say that since the passage of the last tariff bill the price of sugar has been increased at a very rapid rate, as the Senator has read and realizes. I desire to ask if he would have any objection to having an amendment incorporated in the bill to take off a part of the tariff, which is very high, which in the last tariff bill we imposed upon sugar imported from Cuba?

Of course, if the Senator is opposed to it, I shall not offer the amendment at this time, but shall bide my time before the Committee of Finance.

Mr. KELLOGG. I will say to the Senator that I have reason to believe that if I consented to have considered on this bill the amendment he suggests, the bill for the admission of these bells free of duty would not pass. So I hope the Senator will not press his amendment.

Mr. HARRISON. I shall not press the amendment at this time.

Mr. SMOOT. I desire to say to the Senator from Mississippi that the duty on sugar—on Cuban sugar—was increased 15 cents a hundred pounds, and in Cuba at that time sugar was selling at $1.67, while now sugar is selling in Cuba for over $4 a hundred pounds.

Mr. HARRISON. I do not desire during the morning hour to get into a controversy over sugar; but I have an amendment on my desk which I shall offer in due time, and ask to have referred to the Committee on Finance, in the hope that the Senator from Utah will join me in reducing the tariff on sugar in order to meet present-day conditions.

Mr. KELLOGG. Mr. President, I hope that the pending bill may now be passed.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

SALE OF SCHOOL LANDS IN THE DISTRICT.

Mr. BALL. From the Committee on the District of Columbia I report back favorably without amendment the bill (H. R. 5020) to provide for the sale by the Commissioners of the District of Columbia of certain land in the District of Columbia acquired for a school site, and for other purposes. I ask unanimous consent for the immediate consideration of the bill.

Mr. KING. Let the bill be reported.

Mr. ROBINSON. Mr. President, will the Senator explain the bill?

Mr. BALL. Mr. President, a similar bill passed the Senate on May 16, 1921, and the House passed an identical House bill on May 22, 1922, but for some reason did not pass the Senate bill. The measure merely provides for the sale of a

small strip of land which was acquired for school-site purposes in 1869, but which was never used for such purposes. A large portion of the land was utilized for the construction of streets which passed through that section, but there is still a small strip which it is desired to sell, and there are some real estate people who wish to build upon the land.

Mr. ROBINSON. Is any use now being made of the land?

Mr. BALL. None whatever.

Mr. ROBINSON. What use is expected to be made of the land after it shall have been sold?

Mr. BALL. It is intended to sell the land to a real estate company which contemplates erecting buildings on it.

Mr. FLETCHER. Let me ask the Senator what will become of the proceeds?

Mr. BALL. The proceeds will go into the Treasury of the United States.

Mr. FERNALD. I should like to inquire of the Senator if the land in question adjoins property on which school buildings are now located?

Mr. BALL. No; there are no school buildings there now.

The VICE PRESIDENT. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That the Commissioners of the District of Columbia be, and they are hereby, authorized to sell at public or private sale, at a price not less than the true value of the abutting property based on the assessment, all that part of the subdivision of Granby acquired by the commissioners of primary schools of Washington County by deed from George H. Baer and wife, dated the 25th day of June, in the year 1869, excepting that part of said land lying within the lines of Twentieth and Jackson Streets, as recorded in book 52, page 174, of the records of the office of the surveyor of the District of Columbia, the land herein authorized to be so conveyed being assessed among the records of the office of the assessor of the District of Columbia as parcel 156 sub 38 and parcel 156 sub 39, reserving, however, so much of said land as is in the judgment of said commissioners necessary for alley purposes, the portion of land so reserved not to be included in said sale: *Provided*, That the entire proceeds of such sale by the said Commissioners of the District of Columbia shall be covered into the Treasury of the United States to the credit of the revenues of the District of Columbia.

Mr. McKELLAR. Mr. President, I have an amendment which I desire to offer to the bill. I will have it prepared in just a moment, if the Senator will give me that opportunity.

Mr. HARRISON. Mr. President, I wish to offer an amendment to the bill, but I do not desire to do so unless the Senator will agree to it. I desire to have the proposed amendment read and I should like to have it incorporated in the bill, if there is no objection, and, if not on this bill, then on some other similar bill. If, however, it would embarrass the passage of the bill, I shall not offer it, but I do not think there will be any opposition to it, and I hope the Senator may accept it.

The VICE PRESIDENT. The amendment proposed by the Senator from Mississippi will be stated.

The READING CLERK. At the proper place in the bill it is proposed to insert the following:

That the Public Utilities Commission of the District of Columbia be, and it is hereby, directed to make full and complete investigation of the rates charged by the owners and operators of taxicabs and automobiles for hire in other cities and in the District of Columbia, and to recommend to the Commissioners of the District of Columbia, for action and enforcement, such rates as may be reasonable and which may compare with such rates as are permitted to be charged by the owners and operators of automobiles and taxicabs for hire in other cities of the United States. That the Commissioners of the District of Columbia shall make full report of the investigation and findings of the Public Utilities Commission on or before the convening of the next regular session of the Sixty-eighth Congress.

Mr. BALL. Mr. President, I have no objection to such a measure as that proposed by the Senator from Mississippi being adopted by the Senate, but I do not think it ought to be made a part of the bill which is now under consideration. It would require some discussion, I imagine.

Mr. HARRISON. Very well; I will withdraw the proposed amendment if the Senator has any objection to it going on this bill.

Mr. McKELLAR. I offer the amendment which I send to the Secretary's desk.

The VICE PRESIDENT. The amendment will be stated.

The READING CLERK. Add at the proper place in the bill the following:

The Public Utilities Commission of the District of Columbia shall not hereafter have or exercise power to fix rates of fare for the street railway companies in the District of Columbia at rates in excess of the rates of fare fixed in existing charters or contracts heretofore entered into between said companies and the Congress, and from and after the passage and approval of this act the said street railway companies shall receive 5 cents per passenger as a cash fare but they shall issue and sell six tickets for 25 cents, as provided in existing charters.

Mr. McKELLAR. Upon that amendment I ask for the yeas and nays.

Mr. UNDERWOOD. Mr. President, the Senator offered a similar amendment here some days ago, but it was not discussed. I do not think a proposition of such importance should be voted on without some information being given.

Mr. McKELLAR. I will be glad to give the Senator any information I have.

Mr. UNDERWOOD. If the Senator will allow me, I should like briefly to state my viewpoint and then I should like to hear from the Senator, because I have an open mind on the question and if the Senator convinces me he is right I will be glad to vote with him; but if not, I will vote against his amendment. I think it is a matter of importance and if there is information available I should like to have it.

Of course, Mr. President, I realize that most of the street railways companies in the United States before the Great War made contracts for a 5-cent fare and carried passengers for a 5-cent fare. In most of the cities of the Union during the war or immediately thereafter the cost of such transportation was increased by the public-service commissions of the various States above the 5-cent rate. As a rule it was impossible for the street railway companies to increase the fares themselves, but they applied either to the local legislatures, the boards of aldermen, or to public-utilities commissions in which the power was vested and obtained the right to charge increased fares. Why? On the ground that the cost of carriage had so greatly increased that the street-railroad companies of America could no longer function unless the cost of service was increased.

Of course, we all know that wages have increased throughout the United States. We all know that the cost of supplies has increased in the United States. We all know that in every walk of life and in every industrial development there has been an increase of cost. We know it ourselves in our grocery bills, in our rent bills, in every cost of living. I know that when Mr. Cleveland was President of the United States and I came here as a young Congressman I was receiving $5,000 a year to live on. Now the Congressman or the Senator is paid $7,500; but the purchasing power of the $5,000 I received at that time was vastly in excess of what I am receiving as a Senator to-day, although there is an increase of $2,500 in the amount of my compensation; but the purchasing power of the dollar has very greatly decreased. It decreased before the war and it has vastly decreased since the war.

This is the question I am addressing to the Senator from Tennessee, and I am addressing it in good faith, because I really want the information. I really want a reply. With that in view, and knowing the fact that the costs of steam railroad companies, of which we have the statistics, have largely increased, and that all other transportation costs have increased—I mean the costs to the carrier—if I could cast my vote and bring back to 5 cents the cost of transportation to those who ride on the street cars in the District of Columbia without destroying these companies, if they could continue to serve the public for that sum and make a fair return, to which they are entitled, as they did before the war, I should be very glad to do so; but if the increased cost of carriage has put on these companies so great a cost for transportation that they can not do business if we reduce the fare to 5 cents—and that is the question that was decided when the increase was allowed—then I should not feel justified in doing it.

I am not a member of the Committee on the District of Coulmbia——

Mr. McKELLAR. Nor am I.

Mr. UNDERWOOD. And I have not studied the question. I have not had an opportunity to do so. I have no information in reference to the street-car system here; and I think that if the Senator desires his colleagues who are not informed to vote on his amendment now it will be most serviceable if he will give us the facts.

Mr. McKELLAR. I shall be very glad to give the Senator and the Senate whatever facts I have in my possession.

Mr. UNDERWOOD. I yield the floor to the Senator. I merely wanted to ask a question.

Mr. McKELLAR. If any question arises in the Senator's mind, I hope he will rise and ask it in my time.

The last reports of the street car companies show that there are two street car companies here—the Capital Traction Co. and the Washington Railway & Electric Co. The Senator will recall that when these fares were raised during the war the Capital Traction Co. did not ask for the increase. The Capital Traction Co. was satisfied to continue under its contract, so the papers stated, and so it was generally understood. Statements were made here in the Senate to that effect. By the way, I will say that the last report shows that the Capital Traction Co. made something like 13 per cent, in addition to improve-

ments that it made on its lines, which were admittedly very great. So I think the Senator will assume from that fact that the Capital Traction Co. is making more than a fair return under the present rate of fare.

Mr. McKINLEY. Mr. President, will the Senator yield for a question?

Mr. McKELLAR. Just a minute; let me finish, and then I will yield to any Senator who wants to ask a question.

The Washington Railway & Electric Co. is in a very different situation. It has a number of lines outside of the city. It claims that those lines outside of the city are not paying. It claims that it must have this rate of fare on its lines so as to make its system pay; that if it did not have to carry these lines outside of the District which are not paying, which are a burden upon it, it could get along on the 5-cent fare, as I understand, but that if it is to continue to operate the lines outside of the District it must have an additional fare.

In reference to that company, Senators know that it has been a stock-jobbing company. It is a company that has been exploited a number of times. It has been reorganized, and other lines bought, and stock issued, and my understanding is that the greater part, practically all of the $6,500,000 of common stock of that company, is watered stock; that the stockholders did not actually pay for it. In my judgment, manifestly the Congress ought not to undertake two things that the Public Utilities Commission now is undertaking to do. One of them is to raise the fares in the District so high that it will make the property of these companies in these outside lines pay. The other is that we ought not to undertake to make these lines return an income on watered stock.

Mr. McKINLEY. Mr. President, will the Senator yield now?

Mr. McKELLAR. I yield to the Senator from Illinois.

Mr. McKINLEY. Is it not true that 10 years ago the wages of the men employed on the local street railways were 18 cents an hour, and to-day they are 56 cents an hour?

Mr. McKELLAR. Yes; and it is also true that these companies carry about that proportion of increase in passengers over the number that they carried 10 years ago.

Mr. McKINLEY. Is it not also true that the cost of coal to-day is double what it was 10 years ago?

Mr. McKELLAR. Yes; and it is also true that the number of passengers carried has more than doubled. Washington has grown, as we all know, and the number of passengers has enormously increased, and it has increased more than the cost of materials and labor.

I want to yield now to the chairman of the District Committee.

Mr. BALL. Mr. President, I should like to ask the junior Senator from Tennessee where he got his data that the Capital Traction Co. earned 13 per cent during the last year. I have here the report of that company, and I do not find those figures.

Mr. McKELLAR. I got them from a statement published in the Washington Post, I think, some time in January. The company made a report that was published, and, as I recall the figures—I put them in the RECORD at the time—they were 13 per cent. They were either 13 per cent plus or 13 per cent minus. They were about 13 per cent.

Mr. BALL. My recollection is—I can not find the figures just at this moment——

Mr. McKELLAR. I had them before me, and put them in at the time. I talked about them at the time.

Mr. BALL. My recollection is that the Capital Traction Co. earned between 7 and 8 per cent, and that the Washington Railway & Electric Co. earned between 3 and 4 per cent; but on the basis of a 5-cent fare, Mr. President, the returns of last year would not pay the operating expenses of the Washington Railway & Electric Co.

Mr. PITTMAN. Mr. President——

Mr. BALL. I should like to finish this statement. It makes no difference as to whether it is watered stock or what it is; if the income at 5 cents would not pay the operating expenses, it is paying nothing on the investment anyhow.

Mr. McKELLAR. Mr. President, will the Senator just allow me to say this, and then I will yield, because I want this matter fully discussed?

Mr. PITTMAN. I simply wanted to ask a question.

Mr. McKELLAR. I just want to say to the Senator from Delaware that I do not conceive it to be the duty of Congress to raise fares high enough to give any concern, regardless of management, a reasonable income on the amount invested. Let us look at it a minute.

Here in New York the companies have operated all during the war and up to this time on a 5-cent fare, and I understand that they are in the hands of a receiver. I understand that the companies in Pittsburgh, where they raised the fares to 10 cents, are in the hands of a receiver. In the city of Memphis, where I come from, they raised the fare to 7 cents, and they are in the hands of a receiver. Why? Because they can not make money on watered stock; and that is the position of the Washington Railway & Electric Co. Is it right and fair for Congress to undertake to make a company earn money to which it is not entitled?

I now yield to the Senator from Delaware.

Mr. BALL. Mr. President, the valuation of the property of each of the street-railway companies in Washington has been fixed by an expert commission. It is not a question of the stock issued by those companies—watered stock, as the Senator terms it—but an expert commission have fixed the valuation of the property of each of the companies, and it is that valuation that the commission consider in fixing the rates.

Mr. McKELLAR. Oh, yes, Mr. President; we know exactly how that is. Everybody knows that valuation is a matter of opinion. For instance, the steam railroads of the country have stock issues—and we all know that many of them are watered—of something like $16,000,000,000, as I recall, and yet a valuation of something like nineteen or twenty billion dollars has been put upon their property.

Mr. BALL. Mr. President, I should like to ask the Senator from Tennessee one question.

Mr. McKELLAR. I shall be delighted to answer it if I know how.

Mr. BALL. While Congress has a legal right to fix a rate, does the Senator consider that Congress has a moral right, merely because it has the power, to confiscate the property of individual stockholders because they invest their money in a street-car line and operate it in the city of Washington?

Mr. McKELLAR. Oh, no, Mr. President; I do not contend any such thing. The fact is that the stockholders whom the Senator from Delaware talks about are principally the holders of watered stock, and I say that it is not the duty of Congress to legislate so as to give these gentlemen returns on money that they have never invested. That is my contention; and I want to say another thing right here and now: These companies have a contract with the Congress. They entered into it voluntarily. They are claiming every right that they have under that contract. They have not yielded one jot or one tittle they secured from the Government under that contract, and yet they are asking the Government to let them violate those provisions of the contract which are favorable to the Government and favorable to the people of this District.

Mr. CURTIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Kansas?

Mr. McKELLAR. I yield.

Mr. CURTIS. I rise to a question of order. Has unanimous consent been given for the consideration of this bill?

Mr. McKELLAR. Yes; unanimous consent has been given.

The VICE PRESIDENT. Unanimous consent was granted.

Mr. CURTIS. Under the rule, is not debate limited to five minutes?

The VICE PRESIDENT. The Chair does not understand that it is when unanimous consent is given.

Mr. DIAL. Mr. President——

Mr. McKELLAR. I yield to the Senator from South Carolina.

Mr. DIAL. I would like to ask the Senator whether the question of granting a zone fare by either company has been considered?

Mr. McKELLAR. I do not know.

Mr. DIAL. What would be the Senator's opinion about that?

Mr. McKELLAR. I think the first thing we should do would be to require the companies to live up to their contract, because the Public Utilities Commission has no legal or moral right to permit them to violate the contract. The contract was honorably made. The consideration has passed.

Congress has given to these companies the consideration they were asked to give for the 5-cent fares, 6 tickets for 25 cents. That having taken place, before they should ask anything further from us, they should live up to the contracts they voluntarily made. They made the contracts. They felt that they could carry passengers at 5 cents; and they can. One of the companies has never asked that the fares be increased. It is only for the other company, which has watered stock, and has these outside ventures, outside of the District.

Mr. DIAL. I presume, then, if Congress had known the company were not going to live up to the contract, it would not have granted the charter, and we would have had only one company which would have lived up to the contract.

Mr. McKELLAR. Certainly.

Mr. McCUMBER and Mr. SMOOT addressed the Chair.

The VICE PRESIDENT. Does the Senator from Tennessee yield; and if so, to whom?

Mr. McKELLAR. I believe the Senator from North Dakota rose first, and I will yield to him first.

Mr. McCUMBER. The Senator from Tennessee has made a very interesting statement, namely, that the fare in Pittsburgh is 10 cents——

Mr. McKELLAR. I was so informed. I stated it was on information that I made the statement.

Mr. McCUMBER. I am assuming that the information is correct, and that the fare in the Senator's own city is 7 cents——

Mr. McKELLAR. And both companies, I understand, are in the hands of receivers.

Mr. McCUMBER. The Senator says the reason why they are in the hands of receivers is on account of watered stock. I can not imagine how a company can go into the hands of a receiver, whether it pays a cent on any stock or not, so long as its income exceeds its expenses, and it is able to meet its debts as they become due. It does seem to me that if they are in the hands of receivers, it must be because 10 cents and 7 cents, respectively, do not pay their running expenses.

Mr. McKELLAR. I can not speak for the Pittsburgh company, but I can speak for the Memphis company.

Mr. REED of Pennsylvania. Mr. President——

Mr. McKELLAR. I will yield to the Senator in a minute. Every two or three years in Memphis there is a reorganization of the street-car company, and they issue additional bonds, as well as additional stock, with the result that they can not pay the interest on the bonds, and therefore they have had to go into the hands of a receiver.

Mr. SMOOT. No company would issue bonds to pay a dividend; in fact, it would not be allowed.

Mr. McKELLER. I do not know what they issue bonds for.

Mr. SMOOT. They issue them to pay their debts.

Mr. McKELLAR. I have my doubts about whether they are always issued for proper purposes.

Mr. SMOOT. Does the Senator deny the fact that the actual cost to the street railways in this District for carrying each passenger is 6.2 cents?

Mr. McKELLAR. Of course, I do. Of course, that is not the case. It could not be. Both these companies would be in the hands of receivers if it were true, because that is all they are getting.

Mr. SMOOT. No; it is not all they are getting.

Mr. McKELLAR. Practically all, because passengers use the tokens in almost every instance. There are very few cash fares paid. Just look at the street cars any time you wish. The Senator from Utah may not travel on the street cars, but I do.

Mr. SMOOT. So does the Senator from Utah.

Mr. McKELLAR. In 99 cases out of 100 tokens are used instead of cash fares, because that means a fare of 6⅔ cents required of each passenger for every ride.

Mr. SMOOT. I said 6.2 cents.

Mr. McKELLAR. I yield now to the Senator from Pennsylvania, who has been waiting for me to yield for some time.

Mr. BALL. Mr. President, we are taking so much time on the amendment that I ask that the bill go back to the calendar.

Mr. FERNALD. I hope the Senator will not withdraw the bill. It is a very interesting matter. I shall have something to say about it later.

Mr. McKELLAR. I make a point of order that the Senator has no power to withdraw a bill after it is before the Senate by unanimous consent. I have the floor, and I object to that course.

Mr. REED of Pennsylvania. Mr. President, will the Senator now yield to me?

Mr. McKELLAR. I yield to the Senator from Pennsylvania.

Mr. REED of Pennsylvania. Merely to correct misinformation which I think has been given to the Senator, permit me to state that the fare in Pittsburgh is not 10 cents, and never has been.

Mr. McKELLAR. Will the Senator state what it is? I have been misinformed, possibly.

Mr. REED of Pennsylvania. It was 5 cents. The company went into the hands of a receiver. It had never paid any dividends while the fare was 5 cents. The receivers secured permission to raise the fare to three tickets for a quarter. The receivers have now applied to be dismissed, because the company is again solvent. The receivers have accumulated a fund.

Mr. McKELLAR. The fare is 8⅓ cents?

Mr. REED of Pennsylvania. Eight and one-third cents.

Mr. McKELLAR. I am much obliged to the Senator. As I said in the beginning, I was informed that the fare in Pittsburgh was 10 cents. Permit me to ask the Senator a question on that subject, just in order to get the information straight. Three tickets are sold for a quarter; and if it is paid in cash, the fare is 10 cents.

Mr. REED of Pennsylvania. That is correct.

Mr. McKELLAR. Then my informant was correct. If there are other Senators who want to ask me any other questions on this subject, I will be glad to answer them.

Mr. FERNALD. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Maine?

Mr. McKELLAR. I yield to the Senator.

Mr. FERNALD. I wanted to ask the Senator a question. In speaking of watered stock, if a company were not able to pay its running expenses would it make any difference whether its capitalization was $10,000,000 or $10,000,000,000?

Mr. McKELLAR. That raises a question which some one else raised a few moments ago. It depends on circumstances. As a rule when a company is reorganized, without additional money being put in, they do two things; they issue so many bonds and they issue so much stock to go along with the bonds, and they do not get the full value of the bonds; they have to sell them at a discount; but they have to pay interest on them at par, and it is very, very difficult for some of the companies which have been thus manipulated time after time to earn enough money to pay the interest on their outstanding bonds, and that is why they get into trouble. That is why they get into such trouble as the Washington Railway & Electric Co. is in and has been in for some time, and as the Memphis street railway has been in. They have been issuing bonds and stock together, and the purchasers of the bonds get stock. It is just another way of earning dividends, or attempting to earn dividends, on watered stock and fixing the salaries of officers, as has been suggested by a Senator.

Mr. COUZENS. The Senator referred to contracts the street railway companies have. When do the contracts expire?

Mr. McKELLAR. I thought I had them here, but I will have to get them and put in the RECORD a statement as to the time they expire. Contracts have been entered into with the various companies which compose the Washington Railway & Electric Co., and also the Capital Traction Co., under which large grants of important rights, of the right to occupy the streets of Washington, of the right to use other public property of Washington, have been granted, and the consideration for those rights was the agreement of the companies to charge a 5-cent fare and give six tickets for 25 cents. The city of Washington is living up to its agreement, and the company is holding the city of Washington to every right, and using every right that was conferred in that contract, and simply wants to avoid its duty by going before a utilities commission and have given to them the specific right to disregard the consideration.

Mr. SMITH. Does the Senator recall whether or not the city of Washington demanded any money consideration for the franchise for the use of its streets?

Mr. McKELLAR. It demanded none at all.

Mr. SMITH. It was a gift?

Mr. McKELLAR. It was a consideration for granting 5-cent fares. By the way, I want to say to the Senator that the public utilities commission act, which was passed, I believe, in 1911 or 1912, was not passed for the purpose of allowing these companies to raise their fares. The express purpose of that act, as stated here on this floor and in the other House, was to make the companies lower the fares and to grant universal transfers. It was held out that the utilities commission would bring about a system of universal transfers in the city, and that was one of the reasons urged for the passage of the act. It was never contended at all that this utilities commission would have the right to disregard the contract which had been made as to 5-cent fares.

Mr. SMITH. What I wanted to get clear was that the franchise granted this street car company provided that in view of certain concessions on the part of the city, they were to do certain things under that contract, and amongst them grant a 5-cent fare.

Mr. McKELLAR. That is right.

Mr. SMITH. They were given the almost priceless privilege of utilizing and monopolizing certain thoroughfares in this city for the carrying of passengers, which means cutting out competition in that territory.

Mr. McKELLAR. Will the Senator stop there long enough for me to say that I understand the Public Utilities Commission will not permit a bus line to operate on any streets so as to bring it in competition with these street car companies? It has gone that far.

Mr. SMITH. I was coming to that very point, and I would like to have the Senator enlarge on that, because those of us who are members of the Committee on Interstate Commerce have this problem presented to us, that under the rules laid down by the Interstate Commerce Commission the rates, fares, and charges should be uniform within a given territory. We have found that certain railroads running through territory where their cars, both passenger and freight, were carrying about the capacity of the road, were making under a given fare a splendid return, while other roads in the same territory were not carrying capacity, and under the fare were making hardly more than current expenses.

In this instance we find within a given territory no competing line. The population has increased by leaps and bounds. The cars are filled almost to capacity, without any cost to the company for the use of the right of way. Shutting out competition even by bus lines, with the increase of business due to the fact that their cars run through the populous sections of our city, has there been an increase of expense in the way of overhead charges to justify an increase in the charge for service of something like 50 per cent, from 5 cents to 7½ or to 8 cents?

Mr. McKELLAR. Mr. President, the increase in the number of passengers has been as great as the increase in wages and the cost of material, and, as I understand, the Capital Traction Co. is perfectly willing to go back to its contract fares—at all events, it has never complained about the franchise fare.

It has never asked to have the fares raised, and my understanding is that the Washington Railway & Electric Co. say they could get along on a 5-cent fare if it were not for the subsidiary lines outside of the District. Surely we should not legislate compensation into the pockets of the company simply because they own lines outside of the District.

Mr. SMITH. This is a matter which comes under our jurisdiction, and, of course, we ought to be thoroughly informed of the facts. We do not want to do any injury to a public utility such as a street railway company. Has there been a thorough investigation by a competent committee of experts, taking the books and the returns and the actual expenditures of the concern, and the income by days, by months, and by years, to arrive at a balance of debits and credits?

Mr. McKELLAR. Mr. President, there has not been such an examination, but surely, while such an investigation was pending, the Senator would not want to allow these companies to violate their contracts while they were exercising all the rights under the contracts?

Mr. SMITH. No; I do not think they ought to be allowed to do that, but I think we ought to have full information as to whether the present rate of fares is justifiable. If they are actually compelled to spend an amount of money that would absorb the present fares on the cars, the public then would have no right to object even to a modification of the contract, if they still desired street car service, because they could not expect a company to serve them at a loss.

Now, the question for us to decide is whether the increased volume of business on these roads has not discounted any increase that they might ask, and that they could carry the increased volume of passengers to-day at a lower rate, because it does not cost them any more to carry a full car than it does an empty car, or appreciably no more. They use the very same equipment and have the same manual service for a full car, which costs no more than an empty car going over a given mileage of track. These are matters of vital importance. It is my opinion that the increased volume of traffic within the city limits or within the limits of the District of Columbia has been sufficient to justify a 5-cent fare under the contract.

Mr. McNARY and Mr. FERNALD addressed the Chair.

The VICE PRESIDENT. Does the Senator from Tennessee yield; and if so, to whom?

Mr. McKELLAR. I think the Senator from Oregon tried to attract my attention before. So I yield first to him.

Mr. McNARY. It is quite obvious that we can not regulate street-car fares during the morning hour. There are a number of important measures on the calendar which ought to receive our attention——

Mr. McKELLAR. I thought the Senator was going to discuss the matter now before us. I do not yield to the Senator to make a motion. I decline to yield to permit him to make a motion.

Mr. FERNALD. I can not agree with my friend from Oregon.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state the inquiry.

Mr. McNARY. I would like to know from the Chair if it is in order to make a motion to lay the amendment of the Senator from Tennessee on the table?

Mr. McKELLAR. Not while I have the floor, and I decline to yield to the Senator for that purpose.

The VICE PRESIDENT. The Senator from Tennessee has the floor and declines to yield for that purpose.

Mr. McKELLAR. I yielded for a question only. I now yield to the Senator from Maine [Mr. FERNALD] for a question.

Mr. FERNALD. I want to say that I am very greatly interested in what the Senator from Tennessee has had to say, and I can not agree with my friend from Oregon. I believe we may be able to settle this question.

Mr. McKELLAR. I hope so.

Mr. FERNALD. In reply to the statement I made a few moments ago, the Senator from Tennessee stated that it was on account of the large issue of bonds and stocks, as I understood.

Mr. McKELLAR. I can not say that that is true in every case, but it is very often the case.

Mr. FERNALD. Yes; in many cases.

Mr. McKELLAR. Yes; I have known corporations to issue so many bonds that they could not pay interest on them.

Mr. FERNALD. I wanted to state to the Senator, because I know he desires to be exceedingly fair in the matter——

Mr. McKELLAR. Of course I do.

Mr. FERNALD. I am sure he does. The interest on the bonds and the dividends on the stock and the taxes do not enter into the operating expenses of a railroad.

Mr. McKELLAR. They are so charged in ordinary bookkeeping.

Mr. FERNALD. No; not as a part of the operating expenses. I am not a lawyer and would not undertake to discuss the legal questions involved, but I recall very well a decision by the Interstate Commerce Commission that the operating expenses of a railroad should not include interest on bonds, and so forth.

Mr. McKELLAR. I do not think many corporations are put into the hands of receivers where they are paying interest on their bonded indebtedness and their taxes.

Mr. FERNALD. If the Senator will allow me to finish——

Mr. McKELLAR. Certainly.

Mr. FERNALD. My original statement was that in the operating expenses it would not make any difference whether the capitalization was $10,000,000 or $10,000,000,000, if they were not able to pay operating expenses. That has nothing to do with it whatever.

Mr. BROOKHART. Mr. President——

Mr. McKELLAR. I am much obliged to the Senator from Maine for his contribution. I yield to the Senator from Iowa.

Mr. BROOKHART. I understood the Senator from Maine to state that there may be watered bonds as well as watered stock. I know of a railroad company that has watered stock and watered bonds and watered operating expenses, all of them watered, and the president called me a Bolshevik because I found it out.

Mr. McKELLAR. I am discussing this particular question. I think frequently corporations pay their officers too great salaries and of course they are charged to operating expenses.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. McKELLAR. Certainly.

Mr. HARRISON. I did not understand the Senator from Iowa. Did he say the President had called him a Bolshevik?

Mr. BROOKHART. The president of the railroad company to which I referred.

Mr. HARRISON. Oh, I got the railroad president confused with the President of the United States.

Mr. McKELLAR. Oh, no; I understood the Senator from Iowa to mean the president of the railroad company to which he referred.

Mr. CALDER. Mr. President——

Mr. McKELLAR. I yield to the Senator from New York.

Mr. CALDER. May I inquire of the Senator from Tennessee whether he has ever introduced a bill for the purpose of bringing about the purpose desired by his amendment?

Mr. McKELLAR. No; but I have introduced a number of amendments to effect that purpose.

Mr. CALDER. I thought the matter might have been investigated by a committee of the Senate.

Mr. McKELLAR. I understand the Committee on the District of Columbia, before which any bill would go, is practically unanimously opposed, or very largely opposed, to my proposition. So it would be a useless or vain thing to introduce a bill when I would know in advance I would either get an adverse report or none at all.

Mr. CALDER. As I understand it, the subject has never been before the District Committee or any other committee of the Senate.

Mr. McKELLAR. It ought to have been. I am surprised that a subject so important as the question of an 8-cent cash fare has not been before the District Committee. I asked the

chairman of the District Committee if his committee had ever discussed it, and he said no.

Mr. CALDER. What I had in mind, I will say to the Senator, was that we are apparently attempting to legislate on a question of great interest to the people of the District and to the people of the country——

Mr. McKELLAR. I think Senators know about it.

Mr. CALDER. And in which the railroads have some rights, and we do that without any first-hand intimate knowledge of the subject.

Mr. McKELLAR. Oh, the Senator can not make that statement. He surely desires to modify it, I know. The street car companies have contracts with the Government for 5-cent fares or six tickets for a quarter in the District of Columbia. They know it themselves. They have certified to the Congress that that was a reasonable and proper fare.

Mr. CALDER. And then the Public Service Commission of the District of Columbia, after hearings and after investigating the subject of rates, decided that they should have an 8-cent fare.

Mr. McKELLAR. Yes; we all understand that the Public Service Commission has done that.

Mr. CALDER. We have already voted on the Senator's proposition of a 5-cent fare, and, of course, we may have a second vote on it.

Mr. McKELLAR. The Senator does not object to voting on it, I am sure. I shall be very glad to have a vote on it.

Mr. CALDER. We could vote on it in the proper way in the Senate if a bill were introduced for that specific purpose.

Mr. FRELINGHUYSEN. Mr. President——

Mr. McKELLAR. I yield to the Senator for a question.

Mr. FRELINGHUYSEN. I do not want to ask a question. I want to appeal to the Senator, if he will not allow us to vote on this question——

Mr. McKELLAR. Yes; unless some other Senator wants to ask me a question.

Mr. FRELINGHUYSEN. But I have not finished. There are a number of bills on the calendar in which some of us are interested.

Mr. McKELLAR. The Senator is right about that. I am perfectly willing to take a vote as soon as we may properly do so.

Mr. FRELINGHUYSEN. We ought to vote. I am appealing to the Senator if he will not give us an opportunity to vote, so that we may take up some of the other bills on the calendar in which some of us are greatly interested.

Mr. McKELLAR. Oh, yes; I am willing to do that. I suggest to the Senator that if we lay aside the shipping bill we would have ample opportunity to vote on all these measures.

Mr. PITTMAN. Mr. President——

Mr. McKELLAR. I will say to the Senator from New Jersey that just as soon as I have yielded to the Senator from Nevada and any other Senator who may desire to ask me a question I am ready for a vote. I yield now to the Senator from Nevada.

Mr. PITTMAN. I merely want to get a little information in addition to what I already have. I would like to ask the chairman of the District Committee, for the information of the Senate, if there has been any consideration by that committee looking to a reduction of fares on the street car lines of the District?

Mr. BALL. There has been.

Mr. PITTMAN. Has the committee made any recommendations either to the street car companies or to Congress relative to the matter?

Mr. BALL. It has introduced, considered, reported to the Senate, and the Senate has passed certain bills which the committee believe will materially reduce the fares and still enable the companies to live.

Mr. PITTMAN. What is that general plan, briefly stated?

Mr. BALL. It would repeal the law at present forbidding the merging of the companies. The committee believe that if all the trolley lines and bus lines of the District were under one management, under one head, they would be enabled to give very much better accommodation at a less cost to the citizens of Washington. For the accomplishment of that purpose we have introduced and the Senate has passed a bill, which has now been reported in the House, authorizing such a merger, and there is another bill following that measure providing that if the companies fail to merge within a certain length of time they may, in a measure, be compelled to do so.

Mr. PITTMAN. If the committee has discovered a method by which the expenses of the transportation companies may be reduced, why would it not be a good idea to add it as an amendment to the pending bill in the words of the bill which has already passed the Senate and to which the Senator has just referred, and pass them both at once? The Senator has said the bill passed the Senate, but it has not yet passed the House. We do not know whether it will pass the House. If it does pass the House, I assume from statements there that they would be able to operate their roads on a 5-cent fare, but there is nothing to compel them to operate the lines on 5-cent fare, even though we pass a bill which would reduce their operating expenses.

Mr. McKELLAR. I think that suggestion is a very wise one, because unless there is such a provision in the merger legislation which has already passed the Senate it would not become a law at this session of Congress.

Mr. BALL. I would like to make one statement, and then I shall take no more time. The first necessary step for merging the street railway companies is the ascertainment of the real value of the two companies. That matter now is in the Supreme Court, which is to decide whether the expert valuation fixed by the commission is a fair and just valuation of each company. The decision is expected shortly. I do not know just when we shall get the report on the valuation. With a reasonable valuation of each company, I think that shortly we would have but one company in Washington.

The Washington Railway & Electric Co. also own the electric-light plant. While they own every share of that stock, they are prohibited by a law enacted by Congress from merging with that company and forming one company. The bill which we have reported and which the Senate has passed provides for the repeal of the acts which prohibit the formation of one company through the process of merging two or more of the companies. I do not know whether we can get a 5-cent fare bill enacted that would enable the companies to live, but I am sure we can get much less than an 8-cent fare. Of course, in order to provide for the proper extension of lines and proper service we shall have to allow the railway companies a reasonable charge.

Mr. PITTMAN. Mr. President, may I ask the Senator from Delaware if it is not a fact that the Washington Electric Light Co. is making a good profit on the electric-light plant which it owns?

Mr. BALL. That is true.

Mr. PITTMAN. The same stockholders are making a profit on that stock?

Mr. BALL. But I would like to state further that they are not getting the surplus charge. That is to say, they are only permitted by the Public Utilities Commission to receive 7.75 cents per kilowatt hour, while the people are actually paying 10 cents per kilowatt hour. But the difference between the two is in a fund of which the court at present has control, and when a decision is reached in the matter that fund will either be refunded to the people or retained by the company on the basis that 10 cents is a reasonable charge.

Mr. PITTMAN. I was on a special committee of the Senate a number of years ago that investigated the situation. The evidence then laid before the committee caused them to conclude that there was a considerable paralleling of the lines of railways in this city, which was an economic waste.

Mr. BALL. That is the very reason why we want but one company.

Mr. PITTMAN. I agree that is the situation, but whenever we provide by law to eliminate this waste and give a monopoly to one company, it should be done under the strictest control with regard to fares. That bill has been passed through the Senate. It has been reported to the House, I understand. It will probably pass the House, will it not?

Mr. BALL. I hope so.

Mr. PITTMAN. If it does pass the House and becomes a law, now is the time to say that having benefited their private stockholders by eliminating all of this waste, by allowing them to consolidate all of their money-making instrumentalities, we are of the opinion that, having been granted those rights, they should be able to operate upon the basis of a reasonable rate, or a 5-cent fare. Such a provision should be enacted either before or simultaneously with that measure. Otherwise no one except the stockholders will get any benefit from the passage of the act. I insist, under the statement of the chairman of this committee, that this amendment should be adopted.

Mr. BALL. Mr. President, if the members of the Public Utilities Commission are not honestly and properly performing their duties, the proper way to proceed is for Congress to create a new Public Utilities Commission. There is a bill, I think, before the committee now for that purpose. Competition always increases cost of operation; without competition the lowest cost of service is obtained. The Public Utilities Commission stands between the people and the companies, to

see that the companies are protected and that the people also are protected.

Mr. McKELLAR. The Public Utilities Commission certainly stands in a position to see that the companies are protected, but I very much doubt whether the present Public Utilities Commission of the District of Columbia has the slightest regard for the people of the District.

Mr. COUZENS and Mr. CURTIS addressed the Chair.

Mr. McKELLAR. I will yield first to the Senator from Michigan and I will yield to the Senator from Kansas in a moment.

Mr. CURTIS. I shall ask to be recognized after the Senator from Michigan shall have concluded.

Mr. COUZENS. I will ask the Senator from Tennessee, is it not true that we have heard a good deal on the floor of the Senate about the sacredness of contracts?

Mr. McKELLAR. We have heard a great deal recently about the sacredness of contracts, in which I very heartily concur, for I myself am a believer in the sacredness of contracts, I will say to the Senator from Michigan.

Mr. COUZENS. But does it not appear that the question of the sacredness of contracts is always raised on the side of the public utilities?

Mr. McKELLAR. Yes; in these matters I think that is so.

Mr. COUZENS. I see from last evening's Washington Star one of the District Commissioners wrote a paper which was read at the mid-year conference of the American Electric Railway Association. The article in the Star states:

> Human beings, otherwise reasonable, seem to take "a most unreasonable attitude in regard to public utility companies, especially street-car companies," Engineer Commissioner Keller, chairman of the Public Utilities Commission of the District of Columbia, declared in a paper read at the mid-year conference of the American Electric Railway Association to-day at the New Willard Hotel. Commissioner Keller wrote the conference that he was ill, but sent the paper to be read to the meeting.
>
> This mental attitude, hard as it is to explain, Commissioner Keller said, is exaggerated by the "demagogue whose stock in trade it is to attack public utility rates without reference to their fundamental fairness.

In other words, I desire to ask the Senator from Tennessee, is it not true that the "fairness" is not in the interest of the car riders of the District of Columbia, who years ago made a contract in which they, as citizens, gave to these companies, through Congress, an exclusive monopoly, in consideration of which they were to have a 5-cent fare? Now, over a great period of years the records show that these companies under that contract made millions and millions of dollars, for in 1919 the Public Utilities Commission of the District criticized one of the companies for issuing $5,000,000 worth of stock without any physical value back of the stock. Then they proceeded to earn under the contract which the District had given them a return on that stock.

It is true, as the Senator from Maine [Mr. FERNALD] has said, that it does not make any difference whether there is watered stock or any other kind of stock, so long as the rate is based upon the physical value of the property rather than upon the stock issues; but I desire to point out that Congress did not require the companies to break their contract at that time and reduce the rate because of those exorbitant earnings. If they had attempted such a thing there would have been a procedure resorted to prohibiting Congress from interfering with the rights of contract.

Mr. McKELLAR. In other words, there would have been filed a bill in equity to enjoin somebody from interfering with the obligation of contracts. Of course, the Senator from Michigan is correct.

Mr. COUZENS. Yes; and the court would probably have intervened and said the company had a right to enjoin any interference with the contract. Now, after having made millions of dollars of profits—and I do not object to their having done so, so long as they have a good contract——

Mr. McKELLAR. Surely not.

Mr. COUZENS. But now when the tables are reversed and the companies are asked to lose some money temporarily, because of unusual conditions——

Mr. McKELLAR. Oh, Mr. President, I think the Senator from Michigan is mistaken there. I do not think the companies will lose any money. I believe that the street-car companies in the District, if they are properly managed, will make more money under a 5-cent fare than they will under the fares which they are now charging.

Mr. COUZENS. It has been proven in Boston and other places that rates of fare may be so high that they decrease street-car traffic, and that the net result has been worse than before the fares were increased.

Mr. McKELLAR. Certainly.

Mr. COUZENS. So that it seems to me that the Public Utilities Commission and Congress should put the street railway companies on their mettle and make them live up to their contracts. They might well do that in view of the enormous earnings made in previous years. While, as one Senator has suggested, a thorough investigation might be made and probably a bill be passed in which not only the rates might be regulated but the expenses of operation also might be regulated. As I understand, there is no provision in the law whereby expenses of operation may be regulated, either as to salaries or purchases of supplies or anything else. So it seems to me it is the duty of Congress to adopt the amendment which has been proposed by the Senator from Tennessee in order that the street-car companies may be put on their mettle. Then, after the experience of conducting their business on the basis of their contracts, we might determine whether or not they were entitled to some relief. They might not even be entitled to very much relief if they would use some of the enormous profits which they have earned in previous years.

I only speak of this because I hope that the Senate will indorse the amendment which has been proposed by the Senator from Tennessee, so that we may get at the real facts in the case, for it is quite evident that the Commissioner of the District of Columbia who has charge of this matter is not in sympathy with any reduction in fares, but that he rather criticizes as a demagogue anyone who suggests that the Public Utilities Commission might be wrong and that the people of the District of Columbia might be entitled to a reduction in fares.

Mr. McKELLAR. Mr. President, I thank the Senator for his splendid contribution to this debate, and I think his argument is unanswerable.

Mr. CURTIS. Mr. President, I rise to a question of order.

The VICE PRESIDENT. The Senator will state his point of order.

Mr. CURTIS. A few moments ago I submitted a parliamentary inquiry to the Presiding Officer. I asked if debate was in order under the rules of the Senate during the morning hour. The Chair stated it was his opinion, inasmuch as unanimous consent had been given, that debate was in order. I wish to call attention to a ruling of Vice President Marshall found in the CONGRESSIONAL RECORD of May 1, 1913, at page 877, from which I read:

> Mr. SMOOT. I submit a resolution and ask for its consideration.
> The resolution (S. Res. 70) was read as follows:
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> * * * * * * *
>
> The VICE PRESIDENT. The Senator from Utah asks for the immediate consideration of the resolution. Is there objection?
> The Chair hears none.
> Mr. OVERMAN. Mr. President, I suppose I can rise to discuss the resolution. I was about, before concluding my remarks, to read from the report of the Economy Commission. I will just go on with my remarks on that matter.
>
> * * * * * * *
>
> Mr. LODGE. Mr. President, I think under paragraph 3 of Rule VII debate is not in order. The rule provides that—
> "Until the morning business shall have been concluded, and so announced from the chair, or until the hour of 1 o'clock has arrived, no motion to proceed to the consideration of any bill, resolution, report of a committee, or other subject upon the calendar shall be entertained by the Presiding Officer, unless by unanimous consent; and if such consent is given"—
> Which has happened in this case—
> "the motion shall not be subject to amendment and shall be decided without debate upon the merits of the subject proposed to be taken up."
> I make the point of order that debate is not in order under that rule.
> Mr. OVERMAN. Has unanimous consent been given for the consideration of the resolution?
> The VICE PRESIDENT. It has.
> Mr. OVERMAN. It is then before the Senate and is debatable.
> Mr. LODGE. At this stage of the proceedings debate is not in order. It is open to the Senator to object, of course.
> Mr. OVERMAN. If it is before the Senate by unanimous consent, then I have a right to debate it.
> Mr. PENROSE. Not under the rule.
> Mr. LODGE. Not under the rule I have read.
> Mr. OVERMAN. It seems that Senators do not want to hear the truth. I will bring it out at another time. I give that notice.
> The VICE PRESIDENT. The point of order is well taken. The question is on agreeing to the resolution submitted by the Senator from Utah.

Mr. UNDERWOOD. Mr. President, may I ask the Senator a question?

Mr. CURTIS. I yield.

Mr. UNDERWOOD. Was that before or after the first hour of the day's session had expired?

Mr. CURTIS. I was going to refer to that. The Senate met this morning at 11 o'clock, and it is now after 12 o'clock; but I raised the question before 12 o'clock. The Chair said he was of the opinion that debate was in order. I wanted simply to keep the record straight. I am not raising the question now, as it is after 12 o'clock, and I think after one hour has elapsed from the beginning of the session the question is debatable. I merely wanted the RECORD to show that the decision had been rendered

that debate was not in order before 1 o'clock. I hope in the future the Senators will observe the rule. This morning we will hardly conclude the presentation of petitions and memorials and other ordinary routine morning business before the morning hour has elapsed, although an adjournment was taken last evening in order that some business might be transacted this morning.

Mr. POMERENE. Mr. President——

Mr. McKELLAR. I yield to the Senator from Ohio.

Mr. POMERENE. Mr. President, it seems that the pending measure is going to take some considerable time. I have a very important committee engagement which I must go to fulfill. I have a small private bill here which I think ought to be passed. It has been favorably reported by the committee; and if the bill is to be passed at all, it must be acted upon very soon. I should like to ask unanimous consent to have the bill considered now.

Mr. McKELLAR. I can not yield for that purpose.

Mr. POMERENE. I think there will be no debate on the bill.

Mr. McKELLAR. But the pending bill has been taken up by unanimous consent, and I do not believe we could make another unanimous-consent order without interfering with the one under which we are now proceeding, and I object to any such request for unanimous consent.

Mr. POMERENE. Very well, if the Senator objects I will bring the matter up at another time, as I am obliged to leave the Chamber now.

Mr. McKELLAR. I am very sorry to be compelled to object, for I should like to accommodate the Senator. If no other Senator has any questions to ask, I shall be very glad indeed now to have a vote on the amendment. I ask for the yeas and nays, Mr. President.

The yeas and nays were ordered.

Mr. DIAL. Mr. President, this is about as important a matter as could occupy the attention of the Senate. We have a couple of weeks yet before the end of the session, and I think we can pass all needed legislation in that time.

Mr. President, I must say that I am not thoroughly in sympathy with the fixing of fares by Congress. I do not know whether we have sufficient facts before us to enable us to do that properly or not. I question it; but I fully appreciate the motive of the Senator from Tennessee [Mr. McKELLAR] in pressing this matter. Personally, I feel very kindly toward all investments, and I desire to see every honest dollar get a legitimate return upon itself. However, there has grown up in the country a habit of too much competition; enterprises are duplicated uselessly, and we have this condition here.

When this second street-railway company applied to Congress for a charter and received it, it ought to have lived up to it. With a city here of some 450,000 population it is very probable that a second street railway was unnecessary. It involved double expense, double overhead charges, and all that kind of thing. I do not believe that Congress ought to do anything to deprive investors of a fair return upon honest investments, properly made.

It occurs to me that the right thing to do here would be to consolidate these companies, and, if they do not do it voluntarily, to force them to consolidate.

I am not an expert in regard to the cost of operating railways, but I question the statement that there has been so great an increase. It is true that the increase was considerable, but the construction in later days has been more permanent. Formerly, the ties were exposed to the weather. They rotted, and great expense was involved in replacing them. In these modern times, however, steel ties are used, and they are removed in a great measure from the ravages of the weather, and after the track is once constructed not so much repair is necessary.

If this second company can not carry its country lines without charging an unreasonable fare to the people who live in the District, perhaps a zone fare system could be established. Anyway, those who live nearer the center of the city should not be penalized for the unnecessary expenditure resulting from the building of branch lines which are not self-sustaining.

Mr. President, a still larger question presents itself to Congress. We are to blame for not having better facilities in the District. The Senator from Nebraska [Mr. NORRIS] a few years ago took great pains to have a bill passed by the Senate to develop the water power up the Potomac River here; and no better work could have been done for the District of Columbia and this section of the United States than to have developed that water power. Here we have this water running right by the District every day, thousands and thousands of dollars going to waste, and we have not the forethought or the judgment to develop that power. If we should consolidate these railways and develop that water power, the cost of transportation could be reduced to a minimum; we would save great quantities of coal for future generations; we would have a better system; we could have better and cheaper lights in the District; we could even heat many of the houses by electricity.

Not only that, Mr. President, but if that power were developed it would be an example to the rest of the United States. It would be a wonderful incentive to anyone who looked at it to go back home and have power developed in his own section. If I may be excused for a personal allusion, the first large dam I ever saw was something like 40 feet high, and it made a wonderful impression upon me. I thought if those people could utilize their stream, we ought to utilize ours near home. Hence, that was the beginning of many developments in my section of the country.

I do not believe in being penurious with investments, but we are all persuaded to believe that the fare charged here now is excessive. I am a stickler for contracts, and I believe this company should be required to live up to its contract with the people of the District of Columbia. I have a deep sympathy for the people here. They feel hurt because we do not allow them representation in Congress. While I would not vote to allow them representation, that is a greater reason why we should look after their interests more carefully. So, Mr. President, I hope this amendment will be agreed to.

As I say, I am not much in sympathy with this kind of legislation, but I believe that the groundwork has been laid here to show that it is just. If these people had not wanted to accept the charter, they need not have done it. They did it with their eyes open. The population has increased since that time. The people who organized the company have not come here and shown any reason why the contract should be modified. On the other hand, they are pleased with it. The public is not posted about the bookkeeping of these different companies. Figures can be manipulated so as to arrive at almost any conclusion that is desired; and while this company may not be making a great profit upon one of its branches, yet on another it may be piling up enormous profits.

I for one am not envious of people who make money. I am not envious of people who go out and develop the country. I believe they should have a return upon their investment and should have a good return, because they assume many obligations and take many chances; but in this matter I believe that for the present we ought to adopt this amendment and give this experiment a trial, and see if these people will not consolidate, and if they can not get along and make a reasonable profit by charging the fare fixed in the contract.

Mr. STANLEY. Mr. President, will the Senator yield?

Mr. DIAL. I yield to the Senator from Kentucky.

Mr. STANLEY. I should like to inquire of the Senator whether any investigation of this matter has been made by the committee of the Senate naturally intrusted with the duty of investigating it and the power to make some determination on the merits of the question?

Mr. DIAL. Not to my knowledge. I am not on the District of Columbia Committee. I saw something in the paper a year or two ago about some figures or some preliminary investigation about consolidation, or some talk of consolidation.

Mr. PITTMAN. Mr. President, may I answer that question?

Mr. DIAL. Yes; I wish the Senator would. I am not posted on it.

Mr. PITTMAN. Mr. President, the Senator from Kentucky has just asked a question. He was not here when the matter came up a few minutes ago. The chairman of the committee said they had had under consideration all of these questions, and that they found as a committee that the expenses of these railroad companies could be materially reduced if they were consolidated, and their power plants consolidated, and the paralleling lines cut out, but that there was no authority in the law to do that. He added, however, that they had actually passed a bill through the Senate providing for that, and that the bill has been favorably reported from the House committee, and that in his opinion it will pass the House.

If that is accomplished—and I agree with the legislation—it will, as the committee said it would do, greatly reduce the cost of operating these railroads. That will be a benefit to the stockholders. It will be no benefit to the passengers unless there is a reduction in the rate. There should be a reduction in the rate at least back to the normal fare of 5 cents. There is no assurance that it will go back to the normal fare of 5 cents unless the commission puts it there. We are not fixing rates in this amendment, but we have a right as a Congress to impose a maximum restriction. That maximum restriction is 5 cents.

There will be no harm in adopting this amendment. Why? Because if that bill does not pass the House, then the House will kill this bill, and if that bill does pass the House, giving this great benefit to the stockholders of that railroad, it is their duty at the same time to pass this bill, so as to see that the people who pay the fares get some benefit from it.

There can be no harm, therefore, in passing this bill. I would not vote for this amendment except for the power of consolidation of those railroads, but if those railroads are going to be consolidated they should be restricted to a 5-cent fare. We have some obligation to the people who ride on these cars, as well as to the stockholders, and while we are legislating for the profits of these railroads by cutting down their expenses it is our duty, in my opinion, to make some restriction as to the fare.

Suppose we adopt this amendment. The bill providing for the consolidation has already passed the House. If the House does not pass it, then let it kill this amendment. If the House does pass it, then it is its duty to adopt this amendment.

Mr. STANLEY. Mr. President, I am a member of the Committee on the District of Columbia, and attend the meetings whenever my duties in Congress will permit. Very often, as my colleagues know, committee meetings are held at the same time, and it is impossible to attend more than one. There have been more or less exhaustive hearings, as I recall, on the question of the economies incident to a compulsory consolidation of the two lines. I do not desire to take too much of the time of the Senator——

Mr. DIAL. I am glad to yield to the Senator from Kentucky. In fact, I yield the floor.

Mr. STANLEY. I do not want the floor. I will be through in just a moment. It appears that one of these lines is either more favorably situated or more efficiently operated than the other. I express no opinion on that subject, but one of these lines is making a much better return than the other, and for that reason Congress is about to pass an act which will compel the efficient line to take over the inefficient line, and the inefficient line is bigger than the efficient line.

The mileage of the inefficient line is twice as great as the mileage of the efficient line. The owners of the efficient line claim that they are not so well located as the line that is making the least money, but that their profits are due entirely to the efficiency of their operation. They do not care to be consolidated with the other company. They were organized under a law, in my opinion a very wise law, which prohibited the consolidation and gave us something of competition. Of course, that idea of competitive business and of restraining trusts and combinations, except by means of a governmental commission which shall run their own business and feed them with a spoon, has passed into a dream of things that were; but be that as it may——

Mr. PITTMAN. Will the Senator pardon me one moment? Did the Senator ever hear of competition existing between two lines, except competition to get passengers? Was there ever any competition in fares?

Mr. STANLEY. There is competition in service, necessarily.

Mr. PITTMAN. But there never is competition in the matter of fares.

Mr. STANLEY. As a rule, the fares that prevail on one line under similar conditions will prevail on another, just as there must be the same fare at the common termini of the same railroads, although there may be competition at intermediate points and in a dozen different ways. But be that as it may, the law as now written forbids consolidation, under the opinion of Congress that that was the best way to get good service.

Mr. DIAL. Does not the Senator think it would be advisable to change the law?

Mr. STANLEY. It may be; I am not saying it is not. As to whether you get better service by combining the telephone companies and street car companies under one control arbitrarily or not, I am not expert enough to express a well and matured opinion, and for that reason I do not care to express any. But right or wrong, one of these companies was organized under a law which forbade its consolidation with any other company. These lines parallel each other and run within a few blocks of each other all over the city, and the company most efficiently operated claim that they get the bulk of the traffic at the same fare because of the promptness and efficiency of the service. If that be true, you are compelling an efficient line to take over an inefficient line after it was incorporated and created under a law which assured them that they would not be compelled to consolidate, that it would be illegal to do it. In addition to that, my impression is that there has been no definite determination by any committee of the Senate as to the cost of this service to either one of these roads, or on the question as to whether or not a 5-cent fare will throw them both into the hands of a receiver. Pending that, it strikes me that if we should agree to an amendment of this kind we would be getting the cart before the horse.

If Congress has power to fix a 5-cent fare before the consolidation, it has ample power to fix it after the consolidation. If these companies can be operated at a profit charging a 5-cent fare, they ought to charge that, and if they can not, we ought not to force them into bankruptcy. We are passing without evidence upon a question that is technical, which requires the opinion of engineers and the careful, sober, well-considered judgment of business men. It is not a question for stump speeches or for appeals to the sympathy of the great public. I am in favor of protecting the public as much as anybody, but the public never demanded an injustice and never should do so.

Mr. PITTMAN. Mr. President——

Mr. DIAL. I yield.

Mr. PITTMAN. I have the highest opinion of the opinion of my friend from Kentucky, but I do not see how on earth he can conceive that the restriction to a 5-cent fare can put either one of these roads, or a consolidation of the two, into bankruptcy when he knows the history of the two roads. They have operated for years on a 5-cent fare without going into bankruptcy. A 5-cent fare is not an unusually small fare; it is an unusually large fare in these days and times. But you are not only going back to normal, but there is an act which has passed the Senate and is going to pass the House which will reduce the costs of both of those roads, undoubtedly.

The Senator says that one of the roads is inefficiently managed. One of the roads has not been making as much of a profit as the other road, but that so-called inefficient road has been making enormous profits out of its electric light plant, which the same stockholders own. The law, however, provided that they could not combine the two, but the same stockholders own both of them. If your act provided that they could combine their light company and their inefficient street car company when they combined those companies the consolidated company would be just as efficient as the other company.

Mr. STANLEY. Mr. President, I do not profess to know all that is in the hearings. As my valued friend the Senator well knows, these hearings occurred at a time when we were considering vital matters of the same character in the Committee on Interstate and Foreign Commerce, matters affecting the whole country, and when I had to choose between a matter affecting the citizens of the District of Columbia and one affecting the shippers of the United States I attended the same committee that I presume the Senator who is addressing me attended.

Is there any finding as to this matter on the part of those qualified to know? I endeavored to ascertain that fact on one or two occasions, when those witnesses present could not tell——

Mr. DIAL. Let us have order, Mr. President.

The VICE PRESIDENT. The Senate will be in order.

Mr. STANLEY. Is there any finding on the part of any disinterested engineer or expert in the management of these facilities that upon the combination or consolidation of the power plant and of the two systems they can be operated at a profit charging 5 cents, without any regional arrangement or any division of fares for long hauls, or anything of that kind? I know that if there is one man in the Senate who is removed as far as the heavens from the earth from any attempt to support a merely popular thing, without regard to its justice——

Mr. McNARY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his inquiry.

Mr. McNARY. The Senator from South Carolina obtained the floor about 15 minutes ago, and in that time has farmed it out to other Senators. I make the point of order that for that reason the Senator from South Carolina has lost the floor.

Mr. McKELLAR. Can we not have a vote?

Mr. STANLEY. Mr. President, I hope that if he has lost the floor, I have found it.

Mr. FRELINGHUYSEN. The Senator has not been recognized.

Mr. DIAL. I am glad to give up the floor. I have been trying to give it up for 10 minutes.

The VICE PRESIDENT. The Chair holds that the point of order is well taken.

Mr. McNARY. I think I have obtained the floor by that fact. Am I recognized?

The VICE PRESIDENT. The Chair will recognize the Senator from Oregon.

Mr. McNARY. It is evident to most of us that we can not regulate the street railway fares on the floor of the Senate.

There are many important bills on the calendar, and we have lost almost two hours this morning. I have a bill in mind now—the filled milk bill—which should receive the attention of this body, and in order to clear the way I move to lay the amendment offered by the Senator from Tennessee on the table.

Mr. McKELLAR. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his inquiry.

Mr. McKELLAR. A vote having been asked and the yeas and nays having been ordered——

Mr. LODGE. That makes no difference.

Mr. McKELLAR. I am asking the Chair what the parliamentary situation is. Under those circumstances, can a motion to lay on the table be entertained?

The VICE PRESIDENT. The Chair understands it can be entertained, notwithstanding that the yeas and nays were ordered.

Mr. LODGE. The motion to lay on the table is not debatable.

Mr. PITTMAN. What is the ruling of the Chair?

The VICE PRESIDENT. The question is on agreeing to the motion to lay the amendment on the table.

Mr. PITTMAN. Was not a point of order made against that?

Mr. LODGE. The Chair overruled the point of order.

Mr. STANLEY. Mr. President——

The VICE PRESIDENT. The question is on agreeing to the motion to lay on the table.

Mr. PITTMAN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his inquiry.

Mr. PITTMAN. Has the Chair sustained the point of order made against the Senator from Kentucky speaking?

The VICE PRESIDENT. The Senator from South Carolina stated that he relinquished the floor. The Chair then recognized the Senator from Oregon.

Mr. PITTMAN. Of course, it may be too late to appeal from the ruling of the Chair, but I think the RECORD will show that when the Senator from Kentucky was speaking the Senator from South Carolina said, "I yield the floor," and the Senator *from Kentucky continued* to speak.

The VICE PRESIDENT. Of course, if the Senator from South Carolina said he yielded the floor, it was then the province of the Chair to recognize some one, and the Chair recognized the Senator from Oregon.

Mr. PITTMAN. While the Senator from Kentucky was speaking?

The VICE PRESIDENT. He was not speaking at that time.

Mr. STANLEY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his inquiry.

Mr. STANLEY. I have had only about twenty years' experience in this body and the other, and this is the first time in an orderly debate I have ever seen a Senator or a Member taken off his feet in the midst of a discussion by one who asked to be recognized while he was talking, unless he was out of order, and was so advised. If that is the rule, I want to know it.

Mr. FRELINGHUYSEN. I call for the regular order.

The VICE PRESIDENT. The question is on agreeing to the motion to lay on the table the amendment proposed by the Senator from Tennessee.

Mr. McKELLAR. I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. FERNALD (when his name was called). I have a general pair with the senior Senator from New Mexico [Mr. JONES]. In his absence, I withhold my vote.

Mr. OWEN (when his name was called). Transferring my pair with the Senator from New Jersey [Mr. EDGE] to the senior Senator from Missouri [Mr. REED]. I vote "nay."

The roll call was concluded.

Mr. MOSES (after having voted in the affirmative). I transfer my pair with the junior Senator from Louisiana [Mr. BROUSSARD] to the senior Senator from New York [Mr. WADSWORTH] and will allow my vote to stand.

The result was announced—yeas 37, nays 36, as follows:

YEAS—37.

Ball	Hale	McNary	Spencer
Bayard	Harreld	Moses	Sterling
Calder	Jones, Wash.	New	Townsend
Cameron	Kellogg	Norbeck	Warren
Colt	Ladd	Oddie	Watson
Cummins	Lenroot	Phipps	Weller
Curtis	Lodge	Poindexter	Willis
Ernst	McCumber	Pomerene	
France	McKinley	Reed, Pa.	
Frelinghuysen	McLean	Smoot	

NAYS—36.

Ashurst	George	La Follette	Shields
Borah	Gerry	McKellar	Smith
Brookhart	Glass	Norris	Stanley
Capper	Harris	Overman	Sutherland
Caraway	Harrison	Owen	Swanson
Couzens	Heflin	Pittman	Trammell
Culberson	Hitchcock	Ransdell	Underwood
Dial	Johnson	Robinson	Walsh, Mont.
Fletcher	King	Sheppard	Williams

NOT VOTING—23.

Brandegee	Fernald	Myers	Shortridge
Broussard	Gooding	Nelson	Simmons
Bursum	Jones, N. Mex.	Nicholson	Stanfield
Dillingham	Kendrick	Page	Wadsworth
Edge	Keyes	Pepper	Walsh, Mass.
Elkins	McCormick	Reed, Mo.	

So Mr. McKELLAR's amendment was laid on the table.

The PRESIDING OFFICER (Mr. McCUMBER in the chair). The hour of 1 o'clock having arrived, the bill which has been under consideration will go to the calendar, and the Chair lays before the Senate the unfinished business, which will be stated.

The ASSISTANT SECRETARY. A bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes.

Mr. ASHURST. Mr. President——

Mr. JONES of Washington. Mr. President, will the Senator from Arizona yield to me a moment to submit a request?

Mr. ASHURST. I yield with the understanding that it will not lead to long debate.

Mr. JONES of Washington. I ask unanimous consent that when the Senate closes its business to-day it recess until 11 o'clock Monday morning.

Mr. ROBINSON. Mr. President, will the Senator indicate about what time he expects to close the session this afternoon?

Mr. JONES of Washington. I would like to run until at least 5 o'clock to-day.

Mr. SWANSON. I object to the request for a recess. Monday is calendar day, and there are a great many bills on the calendar which ought to be considered.

The PRESIDING OFFICER. Objection is made.

Mr. JONES of Washington. I did not desire to ask Senators to remain here this afternoon. I had hoped to avoid that, because I want to recess when we do quit the work to-day. I shall now have to ask Senators to remain, and we will take a recess by motion.

Mr. SWANSON. We ought to have a morning hour on Monday.

Mr. ASHURST. Mr. President, I must decline to yield further. I claim the floor in my own right.

Mr. JONES of Washington. Of course; we had a morning hour this morning, and it was wasted.

The PRESIDING OFFICER. The Senator from Arizona declines to yield further, and will proceed.

Mr. ASHURST. Mr. President, the words I used a few moments ago are deemed offensive by my friend the Senator from Tennessee [Mr. McKELLAR]. I am not the kind of man to use words of an offensive nature in public and then whisper an apology in the ear of the person offended. If I use words in public that seem offensive, my apology is made in public. I now ask leave to withdraw the language deemed to be offensive. We were given a morning hour and it is irritating to have the entire hour consumed by one bill. That was the reason why I spoke with vehemence, but I assure my good friend from Tennessee I meant no reflection, and I hope he will accept what I now say.

Mr. ROBINSON. Mr. President, will the Senator suspend just a moment and yield to me?

Mr. ASHURST. Cheerfully, provided I do not lose the floor.

CONSIDERATION OF CALENDAR ON MONDAY.

Mr. ROBINSON. I think the calendar ought to be considered. I was just about to propose that when the Senate conclude its business to-day, it adjourn with the understanding or agreement that during the morning hour Monday unobjected bills on the calendar shall be considered. There is good reason for that. It is about the last opportunity the Senate will have to pass over to the body at the other end of the Capitol its bills which have not yet been disposed of by this body and to consider House bills for action during the present session of Congress. An agreement to consider only unobjected bills under Rule VIII would enable Senators to avoid the consumption of the entire morning hour in the consideration of one or two bills. It would afford the Senate an opportunity to transact such business on the calendar as it desired to transact. I myself would not urge an adjournment to-day but for that consideration.

Mr. JONES of Washington. I will say to the Senator that if we may adjourn until 10 o'clock Monday morning I would be willing to do that.

Mr. ROBINSON. I hear about me declarations that there are a number of committee meetings called for Monday morning. I myself have one.

Mr. JONES of Washington. The Senator knows the situation.

Mr. ROBINSON. Yes; I understand.

Mr. JONES of Washington. I am willing to adjourn until 10 o'clock Monday morning.

Mr. ROBINSON. I think the Senator ought to be content with adjournment until 11 o'clock Monday in view of the fact that committee meetings have already been called.

Mr. JONES of Washington. We have now, I think, far more important business before us than committee meetings at this time.

Mr. ROBINSON. I ask unanimous consent, with the indulgence of the Senator from Arizona——

Mr. ASHURST. I yield with the understanding that I do not lose the floor.

Mr. ROBINSON. I ask unanimous consent that when the Senate concludes its business to-day it adjourn until 11 o'clock Monday morning, and that during the morning hour only unobjected bills on the calendar shall be considered under Rule VIII.

Mr. JONES of Washington. If that is amended to make it 10 o'clock I shall not object.

Mr. ROBINSON. As it is now the practice of the Senate to meet at 11 o'clock, I feel certain that if we should meet at 10 o'clock perhaps half of the hour between 10 o'clock and 11 o'clock would be consumed in getting the attendance of a quorum. I do not think anything would be accomplished by meeting at 10 o'clock. The time would be consumed in procuring the attendance of a quorum rather than in the disposition of business on the calendar. I think every Senator realizes that that is true. In view of that situation, I am unwilling to modify my request for unanimous consent.

Mr. JONES of Washington. Several Senators on this side of the aisle have urged that we adjourn until 11 o'clock. Of course I know that it makes a difference of only an hour, and I am willing to do that.

Mr. LODGE. The understanding is that only unobjected bills are to be considered?

Mr. ROBINSON. Yes; that is the proposed agreement.

Mr. LODGE. That is what I understood the agreement to be, because in any other way it would be a waste of time.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request presented by the Senator from Arkansas? The Chair hears none, and it is so ordered.

The agreement was reduced to writing, as follows:

UNANIMOUS-CONSENT AGREEMENT.

It is agreed by unanimous consent that when the Senate concludes its business for this day it will adjourn to meet at 11 o'clock a. m., Monday, February 19, 1923, and that during the morning hour on Monday the Senate will consider unobjected bills upon the calendar under Rule VIII.

Mr. JONES of Washington. Mr. President, will the Senator from Arizona yield to me to give a notice?

Mr. ASHURST. Certainly.

Mr. JONES of Washington. I desire to give notice to the Senate that I expect to hold the Senate in night session Monday night and every night thereafter until the bill is disposed of or we reach some agreement. I hope we may be able to avoid night sessions, but that notice I give and I expect to stand up to it as long as the majority of the Senate will stand behind me.

Mr. SWANSON. May I ask the Senator from Washington how late he expects to remain in session each night?

Mr. JONES of Washington. Oh, we may remain in session all night. How late we sit will depend upon the progress we make with the bill.

ROAD IN FORT APACHE INDIAN RESERVATION, ARIZ.

Mr. ASHURST. Now, Mr. President, I ask unanimous consent for the present consideration of a bill, and I will make as brief a statement of the object of the bill as may be.

Mr. JONES of Washington. I can not yield for that purpose. If the Senator——

Mr. ASHURST. I have the floor, and I hope the Senator from Washington will allow me to state my request.

Mr. LODGE. But the Senator from Arizona is making a request for unanimous consent, and objection may be interposed.

Mr. ASHURST. But I have not yet stated my request for unanimous consent.

Mr. JONES of Washington. If it appears from its reading that the bill for which the Senator desires consideration may be passed without any discussion, I shall not object. I merely wish to make that suggestion.

Mr. ASHURST. I should be grievously disappointed if the Senator from Washington after my short statement should object to the present consideration of the bill.

Mr. JONES of Washington. But I do not want even a short statement. If I yield to the Senator from Arizona, I shall then have to yield to other Senators.

Mr. ASHURST. But Senators should not be called on to vote on the bill until they know what it is.

Mr. JONES of Washington. I hope the Senator from Arizona in the interest of his bill will merely have it read.

Mr. ASHURST. Indeed, I can make my statement briefer than the reading of the bill.

During the time the bill making appropriations for the Interior Department was under consideration I offered an amendment to that bill proposing to appropriate $15,000 from the funds of certain Indians in Arizona for the construction of a road which is wholly and solely within an Indian reservation in northeastern Arizona. There are over 2,000 of those Indians. Their property is worth about $3,000,000 and their income is about $75,000 from the sale of matured timber. A county, the poorest in our State, has bonded itself for over $200,000 to build the road and has set apart $15,000 to build the road in the Indian reservation.

The Senator from Utah [Mr. SMOOT] objected to the amendment which I offered to the appropriation bill, but stated that if I would prepare a separate bill he should have no objection to that. Such a bill has passed the House of Representatives, has been reported favorably from the Committee on Indian Affairs of the Senate, and is now on the calendar.

It proposes to appropriate $15,000 of the funds of the Fort Apache Indians to construct the road, which, as I have stated, is wholly on their reservation. I ask that the report on the bill may be included in the RECORD.

There being no objection, the report (No. 1144) submitted by Mr. ASHURST on February 14, 1923, was ordered to be printed in the RECORD, as follows:

[Report to accompany H. R. 13128.]

The Committee on Indian Affairs, to whom was referred the bill (H. R. 13128) authorizing an appropriation for the construction of a road within the Fort Apache Indian Reservation, Ariz., having considered the same, report favorably thereon with the recommendation that the bill do pass without amendment.

The facts relating to the bill are fully set forth in House Report No. 1380, Sixty-seventh Congress, fourth session, which is appended hereto and made a part of this report.

[House Report No. 1380. Sixty-seventh Congress, second session.]

The Committee on Indian Affairs, to whom was referred the bill (H. R. 13128) authorizing an appropriation for the construction of a road within the Fort Apache Indian Reservation, Ariz., having considered the same, report the bill back to the House with a recommendation that it do pass.

The bill was referred to the Department of the Interior for report, and in the following letter the Secretary recommends its enactment:

DEPARTMENT OF THE INTERIOR,
Washington, January 9, 1923.

Hon. HOMER P. SNYDER,
Chairman Committee on Indian Affairs, House of Representatives.

MY DEAR MR. SNYDER: This will refer further to your letter of December 5, 1922, transmitting for report and recommendation a copy of H. R. 13128, proposing to authorize an appropriation of $15,000 from the tribal funds of the Fort Apache Indians to pay one half the cost of constructing a road between Cooley and the northeastern boundary of the reservation, contingent upon payment by the county of the other half. I recommend that the proposed bill receive the favorable consideration of your committee and of Congress.

This reservation comprises over 1,000,000 acres of land inhabited by 2,552 Indians. It is estimated that the timber on the reservation is worth approximately $3,000,000. A contract has been made to cut the timber on the reservation, which will very likely bring in over $100,000 annually for a number of years. The amount now to the credit of the tribe from this source is about $79,000 in excess of the sum required for support and civilization during the current fiscal year.

I fully realize the necessity of better roads on this reservation as one of the most important factors in the progress of the Indians and am, of course, willing to cooperate with the local people along this line to the greatest practicable extent so far as available funds will permit consistent with the welfare and interest of the Indians.

The road in question is to take the place of an old, unimproved road connecting Cooley with Springerville and other parts of Apache County off the reservation, and will be about 20 miles in length. While this particular road is not the one most needed by the Indians now, from the standpoint of the actual use they will make of it, in view of the fact that, as I understand, Apache County has already voted $15,000 to pay its half of the cost I am inclined to favor the proposed appropriation from tribal funds as being justified by the indirect benefit the road will be to the Indians by opening up that part of the reservation, and to show our willingness to meet the local people halfway in such matters.

Sincerely, ALBERT B. FALL, *Secretary.*

The following letter from the chairman of the board of supervisors of Apache County, Ariz., shows that $15,000 has been set aside by that county to match this appropriation if authorized to be made from the tribal funds of the Indians of the Fort Apache Reservation:

ST. JOHNS, ARIZ., *November 16, 1922.*

Hon. CARL HAYDEN,
House of Representatives, Washington, D. C.

DEAR SIR: Apache County, not having any highway to connect the town of Cooley, on the Apache Indian Reservation, with any part of the

county, has by bond issue raised $15,000 to apply on building a road from Cooley across the Apache Indian Reservation to connect with a highway to Eagar and Springerville.

The county is not financially situated to complete this highway, as it has reached the limit on issuing bonds.

As this road is of vital importance to this county and the Indians on the reservation as well, opening up their country a distance of 20 miles—and, besides, this road will connect with the road from Cooley to the White River Indian Agency, enabling that agency to procure what produce it needs which is raised here—we therefore respectfully request you to use your best efforts in securing for this road a sum amounting to at least as much as we are expending, to wit, $15,000, in order to build a graded road.

I remain, respectfully yours, JOS. UDALL,
Chairman Board of Supervisors of Apache County.

Mr. LENROOT. Mr. President, will the Senator from Arizona yield to me?

Mr. ASHURST. I yield.

Mr. LENROOT. Is the sum proposed to be appropriated reimbursable?

Mr. ASHURST. It is to come out of the funds of the Indians.

Mr. LENROOT. It is to come out of their own funds?

Mr. ASHURST. Yes. The bill reads as follows:

Be it enacted, etc., That there is hereby authorized an appropriation of $15,000 from any tribal funds on deposit in the Treasury to the credit of the Indians of the Fort Apache Indian Reservation, Ariz., to be immediately available, to pay one-half the cost of constructing a wagon road, within said reservation, between Cooley and the northeast boundary of said reservation: *Provided*, That no part of the appropriation herein authorized shall be expended until the Secretary of the Interior shall have obtained from the proper authorities of the county of Apache, Ariz., satisfactory guarantees of the payment by said county of one-half of the cost of the construction of said road.

Mr. LENROOT. That is satisfactory to me.

Mr. JONES of Washington. I think the Senator from Arizona may have his bill passed if he does not proceed further.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. JONES of Washington. With the understanding that the bill will not lead to further debate, I shall not object to its consideration.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 13128) authorizing an appropriation for the construction of a road within the Fort Apache Indian Reservation, Ariz.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

DAVID C. VAN VOORHIS.

Mr. POMERENE. I ask unanimous consent for the present consideration of the bill (S. 4071) for the relief of David C. Van Voorhis. I do not think there will be any discussion of the bill at all.

Mr. JONES of Washington. If there is no discussion of the bill, I shall make no objection to its consideration.

Mr. POMERENE. If the Senate cares to hear a brief statement from me——

Mr. JONES of Washington. I suggest that the bill may be read.

Mr. POMERENE. Very well.

The bill was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to David C. Van Voorhis, of Bowling Green, Ohio, out of any money in the Treasury not otherwise appropriated, the sum of $1,931.17, being the amount of war savings stamps lost by him while postmaster during the year 1918, without fault on his part, and which amount was thereafter by him paid to the Government out of his own funds.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

Mr. POMERENE. Mr. President, the report on the bill which has just passed was submitted by the senior Senator from Arkansas [Mr. ROBINSON]. In order that Senators and others who may be interested in the bill may know what the facts are in regard to the measure, I ask that the report on the bill be incorporated in the RECORD, without reading.

There being no objection, the report (No. 1126) submitted by Mr. ROBINSON on February 9, 1923, was ordered to be printed in the RECORD, as follows:

Report to accompany S. 4071.

The Committee on Claims, to whom was referred the bill (S. 4071) for the relief of David C. Van Voorhis, having considered the same, report favorably thereon with the recommendation that the bill do pass without amendment.

The purpose of the bill is to reimburse David C. Van Voorhis, of Bowling Green, Ohio, the sum of $1,931.17, being the amount of war-savings stamps lost by him while postmaster during the year 1918, without fault on his part, and which amount was thereafter by him paid to the Government out of his own funds.

The facts are fully set forth in the following letter from the Post Office Department, which is appended hereto and made a part of this report:

POST OFFICE DEPARTMENT,
THIRD ASSISTANT POSTMASTER GENERAL,
Washington, December 18, 1920.

Hon. ATLEE POMERENE,
United States Senate, Washington, D. C.

MY DEAR SENATOR POMERENE: Referring to your personal call at the department in behalf of D. C. Van Voorhis, postmaster, Bowling Green, Ohio, the records show that the shortage in the 1918 war-stamp account at Bowling Green has been thoroughly investigated by the department under Case No. 54663–C.

The following is quoted from the report of the post-office inspector assigned to this investigation, which covers the salient points in connection with the shortage:

"In the personal investigation at Bowling Green the accounts and records of the office covering the 1918 transactions in war-savings and thrift stamps have been carefully examined and no information has been obtained therefrom which would account for any part of the alleged loss or shortage. The accounts have been properly kept and no attempt to alter or falsify them in any way has been made. It appears that this discrepancy in the account became apparent in September or October, 1918, and both the postmaster and assistant were aware of it, but were entirely unable to account for it or to find any errors in the account.

"Investigation at the office in question has also been made with a view to ascertaining whether or not the shortage was due to the dishonesty of any employee connected with the service or who had access to the war savings stamp supplies, but nothing has been disclosed by investigation to indicate that such is the case.

"The clerical force at this office is not large, and during 1918, when this shortage occurred, it consisted of John W. Brewer, assistant postmaster; Claren Crane, George A. Phillips, and Jessie Mitchell, clerks; with substitute clerk Harold Bates, who was appointed regular on August 16, 1918. The record and reputation of each of these employees have been examined, but there is apparently no reason to question the honesty of any one of them. The assistant postmaster and clerk Jessie Mitchell did most of the work in the money-order and registry room, where practically all of the financial work is handled and where the war savings and thrift stamp stocks were kept, but the other clerks, although assigned to the mailing section, had access to the financial section. So also did the janitors, but these are both men of good reputation and several years' service and have never been suspected of dishonesty.

"The post office at Bowling Green is of the second class, and from the installation of the central accounting system until March, 1920, it was the central accounting office for Wood County and the source of stamp supplies for 36 offices, of which 10 are presidential. The handling of the accounts, requisitions, etc., for the 36 offices entailed an enormous amount of work, practically all of which fell upon the assistant postmaster * * *.

"The handling of the war savings and thrift stamp transactions was, of course, in addition to the regular work, and during several months of the year 1918 was of such proportions that it could not be properly taken care of by the force at this office. During the months of August and September, 1918, a war savings stamp drive was put on by the State war savings committee, and the sales at the Bowling Green post office, including district requisitions, amounted to $242,199.65 for August and $102,786.15 for September, as against an average monthly sale of $35,567.49 for the other months of the year. While this amount of business might easily have been handled by the office had the individual sales been in large amounts and fewer in number, they were, in fact, small in amount and great in number and accordingly required a great deal of time and labor. The requisitions from district post offices, whose fixed credits were not large owing to their inability to give proper protection, were small and frequent and entailed a great deal of work. It is stated that, during the rush period, which extended over two months, the office was unable to make up daily cash balances and to check the transactions and stock in order to ascertain accurately how the account stood.

"The work during this period was so heavy and his duties so onerous that Assistant Postmaster John W. Brewer suffered a nervous breakdown and was absent from duty several weeks. He returned to work before he was really able to do so and the postmaster claims that he was entirely unable to perform his duties and for a time was obliged to leave the office daily after two or three hours' work. The postmaster endeavored to induce him to resign owing to his physical and mental condition, but he insisted that he was recovering and continued to fill the position until March 1, 1919, when he resigned.

"The postmaster does not suspect the dishonesty of any employee of the office and does not believe that the shortage is due to the theft of stamps or funds by anyone connected with the service. He is of the opinion that the discrepancy is the result of errors made over the counter in sales to the public or in the handling of requisitions for district offices, and that it is likely due to the nervous condition and disability of former Assistant Postmaster Brewer.

"The postmaster states that he reported to the department the condition of the assistant and requested that he be given authority to replace him, but that no action was taken in the matter. It appears, however, that some investigation of the matter was made by an inspector in October or November, 1918, and it is probable that the condition of the assistant postmaster at that time was not as serious as the postmaster thought it to be, and that it did not justify his displacement.

"It is more probable that this discrepancy in the war savings stamp account has occurred through errors or accidental loss of stamps during the period when the savings drive was at its peak and when the office, as a result thereof, was in a chaotic condition because of the unusual amount of work, which the force was unable to handle.

"An inspection of this office made on July 9, 1918, prior to the discrepancy in the account, disclosed that the office was in an unsatisfactory condition, due partly to the amount of work to be done and partly to lack of organization * * *.

"There never has been any question of Mr. Brewer's integrity * * *. His reputation and standing in the community in recent years appears to have been very good.

"Whether or not the loss was due to errors or incapacity on the part of the assistant postmaster can not at this time be determined, and Mr. Brewer, prior to his being adjudged insane, was entirely

unable to account for it, and he and the postmaster had known, searched for, and discussed the loss for some time before the close of 1918 accounts.

"Prior to his breakdown, Mr. Brewer had always been considered reasonably accurate in his work, although slow and without much ability to systematize. The postmaster * * * is without any particular training in the keeping of records and in financial transactions * * *. It is quite as probable, therefore, that the errors which caused this loss may have been made in part by the postmaster as well as the assistant or others. In any event, there is no evidence that the responsibility rests with the assistant to an extent which would justify a demand upon him or his sureties for the payment of the whole or any part of the shortage.

"In connection with this investigation the accounts and records of a number of the district offices of the county have been examined in connection with regular inspection of those offices in the hope that some questionable transaction between them and the central accounting office might be found which would furnish some clue to the alleged loss, but none has been found.

"If there was any way in which the postmaster could be given credit or be reimbursed for this loss it would seem to be an equitable thing to do, because, whatever the actual cause of this loss may have been, its greatest contributing factor was the unusual burden and responsibility placed upon him and his office force by the work of the central accounting system and the war savings and thrift stamp drives."

It appears from the letter of Mr. Van Voorhis to you, dated November 29, that he is of the opinion that in view of the fact that the former assistant postmaster, John W. Brewer, "had full charge of all accounts, including the war-saving stamp account in question," that he, as postmaster, should be relieved of responsibility for the financial affairs of his office. Obviously this view can not be accepted by the department unless the postmaster can actually fix responsibility for the shortage on the assistant postmaster to whom he had assigned the war savings account, and the postmaster admits that he is unable to fix the responsibility for this shortage on the former assistant postmaster, and the investigation made by the inspector assigned to the case confirms that fact.

The report shows that in so far as could be determined by the investigation made nothing has developed which indicates criminal negligence on the part of the postmaster or any of the employees connected with the Bowling Green office and the personal integrity and honesty of the postmaster and employees of the office are not involved. The only reflection is the lack of ability on the part of the postmaster to properly organize the work in his office in such a manner as to properly protect Government securities and to be able to fix responsibility for losses or shortages in case losses or shortages occurred.

The department is not unmindful of the great amount of extra work performed at the Bowling Green office in connection with the sale of war-savings and thrift stamps, and that the postmaster and other employees at the Bowling Green office cheerfully performed this extra work and assumed the heavy responsibility resulting from the sale of $700,660.72 in war-savings and thrift stamps during the calendar year 1918 without extra compensation, exhibiting a high degree of patriotic service to the country during the war. In view of this fact, in addition to the fact that a searching investigation fails to disclose any criminal responsibility on the part of any of the officers or employees connected with the Bowling Green office, it would be a pleasure to relieve the postmaster from accountability for the shortage, but unfortunately there is no provision of law whereby such relief can be granted by the Post Office Department.

A copy of this letter is inclosed for transmission to Postmaster Van Voorhis, if you wish to use it for that purpose, and the papers which you left at the department are returned as requested.

Yours very truly,

W. J. BARROWS,
Acting Third Assistant Postmaster General.

WILLIAM H. LEE.

Mr. OVERMAN. Mr. President, will the Senator from Washington yield to me for just a moment, in order that I may call up a bill, which I do not think will take any time?

Mr. JONES of Washington. Might not the Senator's bill be considered during the morning hour on next Monday, when we take up the calendar?

Mr. OVERMAN. The Senator from Washington has yielded to other Senators and why might he not also yield to me for this purpose?

Mr. JONES of Washington. Very well. Perhaps we shall consume less time by taking that course.

Mr. OVERMAN. I merely desire to make a brief statement.

Mr. JONES of Washington. I hope the Senator will merely ask that his bill may be read.

Mr. OVERMAN. Very well, I ask that the bill may be read. The bill has the indorsement of the Secretary of the Navy and of everyone else who has had anything to do with it.

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). Is there objection to the present consideration of the bill?

Mr. KING. Let the bill be read, Mr. President.

The PRESIDING OFFICER. The Secretary will read the bill.

The bill (S. 3879) for the relief of William H. Lee, was read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to William H. Lee, lieutenant commander, United States Navy, out of any funds in the Treasury not otherwise appropriated, the sum of $828.29, said sum being the amount of restitution made by him out of his private funds for money stolen from his safe by a man serving under him, for which said officer was held responsible, while stationed as recruiting officer for the United States Navy in the city of San Francisco, Calif., on December 30, 1920.

Mr. JONES of Washington. If the bill leads to no discussion, I shall not object to its consideration.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill which the Secretary has read?

Mr. KING. Mr. President, is there a unanimous report made on this bill, I will ask the Senator from North Carolina?

Mr. OVERMAN. Yes; the committee is unanimous in favor of the bill.

Mr. KING. I have very grave doubt about the wisdom of passing the bill, but, in deference to my very genial friend, I believe I shall not object.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the amendment of the Senate numbered 33 to the bill (H. R. 13481) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1924, and for other purposes.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 10003) to further amend and modify the war risk insurance act; requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SWEET, Mr. GRAHAM of Illinois, and Mr. RAYBURN were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the concurrent resolution (S. Con. Res. 40) providing for the reenrollment of the bill (S. 2023) defining the crop failure in the production of wheat, rye, or oats by those who borrowed money from the Government of the United States for the purchase of wheat, rye, or oats for seed, and for other purposes, with amendments.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills and joint resolutions, and they were thereupon signed by the Vice President:

S. 3721. An act providing for the erection of additional suitable and necessary buildings for the National Leper Home;

H. R. 369. An act for the relief of the owner of Old Dominion Pier A;

H. R. 7583. An act for the relief of Henry Peters;

H. R. 10529. An act for the relief of Harry E. Fiske;

H. R. 13351. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the Daughters of the American Revolution of the State of South Carolina the silver service which was used upon the battleship *South Carolina;*

H. R. 13926. An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1924, and for other purposes;

H. J. Res. 418. Joint resolution authorizing the use of public parks, reservations, and other public spaces in the District of Columbia; and the use of tents, cots, hospital appliances, flags, and other decorations, property of the United States, by the Almas Temple, Washington, D. C., 1923 Shrine Committee (Inc.), and for other purposes; and

H. J. Res. 440. Joint resolution to satisfy the award rendered against the United States by the arbitral tribunal established under the special agreement concluded June 30, 1921, between the United States of America and the Kingdom of Norway.

THE MERCHANT MARINE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes.

The PRESIDING OFFICER (Mr. FRELINGHUYSEN in the chair). The Secretary will state the next amendment of the Committee on Commerce.

The READING CLERK. On page 3, line 14, after the word "vessels," it is proposed to insert "operating on routes established by the board prior to the enactment of this act."

Mr. JONES of Washington. I move to amend the amendment by striking out the word "this" before the word "act" and inserting the word "such."

Mr. FLETCHER. Mr. President, let us see just exactly what is proposed to be done. The committee amendment is, in line 14, after the word "vessels," to insert the words "operating on routes established by the board prior to the enactment of this act." That is the amendment now under consideration. Now, what is it the Senator from Washington proposes?

Mr. JONES of Washington. Section 2 of the bill refers to section 7 of the act of 1920, under which the routes were established, but the word "such" should be employed in the proviso, because it refers to the pending bill.

The PRESIDING OFFICER. The Secretary will state the amendment to the amendment.

The READING CLERK. In the committee amendment, on page 3, in line 14, before the word "act," it is proposed to strike out the word "this" and insert the word "such," so as to read:

operating on routes established by the board prior to the enactment of such act.

Mr. FLETCHER. I presume that relates to vessels operating at the present time, but I do not gather the entire purport of the amendment proposed by the Senator from Washington to the amendment.

Mr. JONES of Washington. The proviso refers to the act of 1923, while the whole section, as the Senator realizes, is an amendment to section 7 of the act of 1920 and becomes a part of the act of 1920. The word "such," proposed to be inserted, refers to the words "merchant marine act of 1922." Of course, the figures "1922" should be changed to "1923."

Mr. FLETCHER. Then, "1922" ought to be changed to "1923"?

Mr. JONES of Washington. Yes; I will offer that amendment.

Mr. FLETCHER. That is what I thought the Senator meant to cover. He intends to move to strike out "1922" and substitute "1923."

Mr. JONES of Washington. Yes; that will be done.

Mr. FLETCHER. And now the Senator proposes to strike out the word "this" and insert the word "such."

Mr. JONES of Washington. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. JONES of Washington. Now, I move to strike out, on line 14, "1922" and in lieu thereof to insert "1923."

The amendment was agreed to.

The next amendment of the Committee on Commerce was, on page 3, section 2, line 16, after the word "who," to insert the words "in the judgment of the board," so as to make the proviso read:

Provided further, That the board shall not for the period of two years after the enactment of the merchant marine act, 1923, sell vessels operating on routes established by the board prior to the enactment of such act to persons other than those who in the judgment of the board have the support, financial and otherwise, of the domestic communities primarily interested in such lines.

The amendment was agreed to.

The next amendment was, on page 3, line 24, after the word "sales," to insert the words "and its assignment," so as to read:

(b) Such section is further amended by adding at the end thereof a new paragraph to read as follows:

"It is hereby declared to be the policy of Congress to discourage monopoly in the American merchant marine, and, in pursuance of this policy, the board is directed, in the development of its sales and its assignment policy, to continue as far as possible and practicable, subject to the provisions of this section, all existing steamship routes and regular services, and to endeavor in every way to bring about the permanent establishment of such routes and services, and their retention, as far as possible, in the hands of persons having the support, financial and otherwise, of the domestic communities primarily interested in such routes and services.

The amendment was agreed to.

The next amendment was, on page 7, line 8, after the word "appliances," to insert the following proviso:

Provided, That this section shall not apply to the construction or equipment of vessels by corporations of individuals primarily for the purpose of transporting their own products.

Mr. JONES of Washington. I desire to offer an amendment in lieu of that amendment. In lieu of the words proposed to be inserted, I move to insert the words found on page 8, beginning in line 14, of the bill as it was ordered reprinted last evening.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The READING CLERK. In lieu of the amendment appearing on page 7, lines 9 to 11 inclusive, it is proposed to insert a comma, and the words:

Except that no loan shall be made under this section to any person for use in the construction or equipment of a vessel to be operated primarily for the transportation of the property of the borrower or of any person affiliated with him within the meaning of subdivision (c) of section 409 of the merchant marine act, 1928.

Mr. FLETCHER. I think that is a very great improvement over the proposal now contained in the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. OWEN. Mr. President, I observe on page 72 of the bill, in section 711, the following provision:

SEC. 711. If any provision of this act or the application thereof to any person or circumstance is held invalid, the validity of the remainder of the act and of the application thereof to other persons and circumstances shall not be affected thereby.

As I understand, it is intended to provide that the courts may set aside any part of this act which they think may be unconstitutional. Is that the idea?

Mr. JONES of Washington. I think that is the idea. I had not noticed that particular language. We usually have a provision like that referring to the unconstitutionality of any provision of a proposed act. I really had supposed that it related only to unconstitutionality, but I see that it is broader than that.

Mr. OWEN. It is broader than unconstitutionality; it covers validity.

Mr. JONES of Washington. I can hardly conceive, however, of a basis for holding a portion of the act invalid except upon the ground of unconstitutionality.

Mr. OWEN. It might be held invalid on the ground of public policy.

Mr. JONES of Washington. That would go ultimately to the unconstitutionality of the provision.

Mr. OWEN. It might be against public policy and not be unconstitutional.

Mr. JONES of Washington. I do not believe the court could hold a provision against public policy unless it based its opinion upon some provision of the Constitution.

Mr. OWEN. I think there have been cases where the court has determined questions of public policy.

Mr. JONES of Washington. I should have no objection, if the Senator would like to have the provision refer particularly to unconstitutionality, to having such language put in.

Mr. OWEN. I object to Congress itself inviting the courts in this way to declare that acts of Congress may be declared invalid in part or that they may be declared unconstitutional in part. I do not think the Congress ought to yield that right.

Mr. JONES of Washington. I suggest that the Senator offer any amendment that he may desire when we reach that provision.

Mr. OWEN. I will offer an amendment right now. In all events I want to make some remarks upon it, because I regard this as a very objectionable feature of this bill.

Mr. JONES of Washington. As far as offering an amendment is concerned, I should be glad if the Senator would wait until we reach that.

Mr. OWEN. I will offer the amendment at that time, but I wish now to call the attention of the Senate to it.

As the Senator from Washington very properly said, it has been not infrequently the case that Congress has put an amendment or a provision in a bill by which the bill was to be affected only in such part as the Supreme Court should hold unconstitutional. That has been done in a number of instances. In effect, it is an abdication by the Congress of the United States of its right to pass upon, and finally pass upon, the constitutionality of the acts passed by Congress. I do not think Congress has any constitutional right to abdicate its powers. In my judgment, it is a violation of the Constitution of the United States for the Congress of the United States to abdicate its right to determine the constitutionality of its own acts.

The Congress of the United States is composed of Representatives directly chosen from the people of the United States—in the House of Representatives every two years, and one-third of the Senate approximately every two years. They send these Representatives to represent them on the floor of Congress under the powers of the Constitution of the United States, and they have a right to expect of them that they will discharge their full duty under the Constitution.

The Constitution of the United States does not give to any court—district court, circuit court, or Supreme Court—the right to pass upon and declare unconstitutional the acts of the sovereign assembly of this Nation. I know perfectly well that all the law schools—the big law schools and little law schools—have taught the boys, all the boys, who go to law school that the Supreme Court has the right to nullify acts of Congress and set them aside; and it is not unnatural, it is to be expected, that the law schools should teach the boys who study law that this is the law. I deny that it is the law, however, and I deny the right of Congress to abdicate its powers and duties to

the people of the United States and permit its laws to be nullified by any court; and I want to present to this RECORD the reasons why I take that position. I say it is in effect an abdication by Congress of its own powers. This power of Congress in this matter has been passed upon on various occasions by the Supreme Court of the United States. I want to call the attention of the Senate to a few of these decisions.

In Wiscart against Dauchey, in 1796, a long time ago, and in Durousseau *v.* United States (6 Cranch, 307), in 1810, I wish to call the attention of the Senate to what the Supreme Court says in regard to the power of Congress. This latter was an opinion delivered by Chief Justice John Marshall.

In discussing the right of the court to pass upon the matter before the court in that case, the judge said:

> The force of this argument is perceived and admitted. Had the judicial act created the Supreme Court without defining or limiting its jurisdiction it must have been considered as possessing all the jurisdiction which the Constitution assigns to it. The legislature would have exercised the power it possessed of creating a Supreme Court as ordained by the Constitution; and, in omitting to exercise the right of excepting from its constitutional powers, would have necessarily left those powers undiminished. The appellate powers of this court are not given by the judicial act. They are given by the Constitution. But they are limited and regulated by the judicial act and by such other acts as have been passed on the subject.
>
> When the first legislature of the Union proceeded to carry the third article of the Constitution into effect, they must be understood as intending to execute the power they possessed of making exceptions to the appellate jurisdiction of the Supreme Court. They have not, indeed, made these exceptions in express terms. They have not declared that the appellate power of the court shall not extend to certain cases; but they have described affirmatively its jurisdiction, and this affirmative description has been understood to imply a negative on the exercise of such appellate power as is not comprehended within it.

In other words, John Marshall declared that the Congress of the United States even by giving affirmatively certain appellate powers to the Supreme Court must be construed as withholding those powers not expressly granted by the judiciary act, and Senators and Members of Congress apparently forget what the powers of the Congress of the United States really amount to.

It will be recalled by every Senator that the Constitution provides that Congress may make such exceptions and impose such regulations as to the jurisdiction of the Supreme Court as it sees fit. I wish to read the language of that section of the Constitution.

Article III, section 1, declaring the judicial power of the United States, says:

> The judicial power of the United States shall be vested in one Supreme Court and in such inferior courts as the Congress may from time to time ordain and establish. The judges, both of the Supreme and inferior courts, shall hold their offices during good behavior, and shall, at stated times, receive for their services a compensation which shall not be diminished during their continuance in office.
>
> SEC. 2. The judicial power shall extend to all cases, in law and equity, arising under this Constitution, the laws of the United States, and treaties made, or which shall be made, under their authority; to all cases affecting ambassadors, other public ministers, and consuls; to all cases of admiralty and maritime jurisdiction; to controversies to which the United States shall be a party; to controversies between two or more States; between a State and citizens of another State; between citizens of different States; between citizens of the same State claiming lands under grants of different States; and between a State, or the citizens thereof, and foreign States, citizens, or subjects.

And then it says:

> In all cases affecting ambassadors, other public ministers, and consuls, and those in which a State shall be party, the Supreme Court shall have original jurisdiction. In all the other cases before mentioned the Supreme Court shall have appellate jurisdiction, both as to law and fact, with such exceptions and under such regulations as the Congress may make.

When Congress voluntarily puts in an act a provision such as section 711 of this bill, practically inviting the court to pass upon the validity of any part of this measure, it is failing to make the exception which the public policy of this Republic requires.

I am not willing to see the Senate of the United States abdicate its constitutional powers. Section 711 should provide——

Mr. JONES of Washington. Mr. President, if the Senator will yield, I am perfectly willing to have the whole section stricken out.

Mr. OWEN. I wish now to discuss this matter. It is in the bill. It has been in bills here repeatedly, and I am no longer willing to have this kind of legislation passed without protest so long as I am a Member of this body.

Congress has no right to abdicate its duty to pass finally upon the constitutionality of the acts passed by the Congress itself. There should be put into this statute a provision that no appeal shall be permitted in any case in which the constitutionality of this act or of any other act of Congress is challenged, the passage by Congress of any act being deemed conclusive presumption of the constitutionality of such act. Any Federal judge who declares any act passed by the Congress of the United States to be unconstitutional should be declared to be guilty of violating the constitutional requirement of "good behavior," upon which his tenure of office rests, and he should be held by such decision ipso facto to have yielded his office, and the President of the United States should be authorized to nominate a successor to fill the position vacated by such judicial officer.

I pointed out the case just called to the attention of the Senate, and there are a number of others of like purport and effect: The case of United States *v.* Gorden (7 Cranch 287); of Daniels *v.* The Chicago, Rock Island & Pacific Railroad (3 Wallace 250); in re McCardle (7 Wallace 510); National Exchange Bank *v.* Peters (144 U. S. 570); of Col. C. C. M. *v.* Turck (150 U. S. 138).

The abstract in the McCardle case is as follows:

> 1. The appellate jurisdiction of this court is conferred by the Constitution, and not derived from acts of Congress; but is conferred "with such exceptions, and under such regulations, as Congress may make"; and, therefore, acts of Congress affirming such jurisdiction have always been construed as excepting from it all cases not expressly described and provided for.
>
> 2. When, therefore, Congress enacts that this court shall have appellate jurisdiction over final decisions of the circuit courts in certain cases the act operates as a negation or exception of such jurisdiction in other cases, and the repeal of the act necessarily negatives jurisdiction under it of these cases also.
>
> 3. The repeal of such an act, pending an appeal provided for by it, is not an exercise of judicial power by the legislature, no matter whether the repeal takes effect before or after argument of the appeal.
>
> 4. The act of 27th of March, 1868, repealing that provision of the act of 5th of February, 1867, to amend the judicial act of 1789, which authorized appeals to this court from the decisions of circuit courts in cases of habeas corpus, does not except from the appellate jurisdiction of this court any cases but appeals under the act of 1867. It does not affect the appellate jurisdiction which was previously exercised in cases of habeas corpus.

Mr. President, there are so many lawyers, there are so many men who have been trained as lawyers, so many men who have gotten their degrees from law schools, who regard it as an act of lese majeste to question the right of the Supreme Court of the United States to declare unconstitutional and void any act of Congress they may see fit, that I think it is worth while to emphasize to the Senate the decision of the Supreme Court itself as to the powers of Congress over the jurisdiction of the Supreme Court, because it must always be remembered that the Supreme Court's jurisdiction in so far as ambassadors and public ministers are concerned is almost negligible in number and is entirely negligible in importance, because none of the great questions which have shaken this Republic to its foundation, passed upon by the Supreme Court, lie within the rule of that original jurisdiction of the Supreme Court under the Constitution.

The Chief Justice, delivering the opinion of the court in the case of Ex parte McCardle, said:

> The first question necessarily is that of jurisdiction, for if the act of March, 1868, takes away the jurisdiction defined by the act of February, 1867, it is useless, if not improper, to enter into any discussion of other questions. It is quite true, as was argued by the counsel for the petitioner, that the appellate jurisdiction of this country is not derived from acts of Congress. It is, strictly speaking, conferred by the Constitution, but it is conferred with such exceptions and under such regulations as Congress shall make.

That "but" and that phrase put into the Constitution of the United States, "with such exceptions and under such regulations as Congress shall make," makes it incumbent upon the Congress of the United States, makes it the duty of the Senate of the United States, not only not to pass such legislation as is found in this bill, page 73, section 711, but if anything is put in, to put in the contrary expression, that this act shall not be declared invalid, in whole or in part, by the judiciary. The judiciary is not the law making power of this Republic. Their function is to interpret the laws which have been passed by the Congress of the United States, and interpret the laws in accordance with the meaning of the Congress of the United States, and before I shall conclude I am going to call the attention of the Senate to some of the most disastrous decisions made by the Supreme Court in the past, and the effect upon this Republic.

The Chief Justice, continuing, said:

> It is necessary to consider whether, if Congress had made no exceptions and no regulations, this court might not have exercised general appellate jurisdiction under rules prescribed by itself. For among the earliest acts of the First Congress, at its first session, was the act of September 24, 1789, to establish the judicial courts of the United States. That act provided for the organization of this court and prescribed regulations for the exercise of its jurisdiction.
>
> The source of that jurisdiction and the limitations of it by the Constitution and by statute have been on several occasions subjects of consideration here. In the case of Durosseau against The United States, particularly, the whole matter was carefully examined, and the court held that while "the appellate powers of this court are not given by the judicial act but are given by the Constitution," they are nevertheless "limited and regulated by that act and by such other acts as have been passed on the subject." The court said, further, that the judicial act was an exercise of the power given by the Constitution to Congress "of

making exceptions to the appellate jurisdiction of the Supreme Court." "They have described affirmatively," said the court, "its jurisdiction, and this affirmative description has been understood to imply a negation of the exercise of such appellate power as is not comprehended within it."

The Supreme Court has been tender in the exercise of the jurisdiction granted by the Congress of the United States. I have the greatest respect for that court, and nothing I shall say or that I have said can ever be regarded as showing any want of the highest regard and respect for that honorable body. There is no court in the world, I think, with a finer record than that court. That does not alter a particle what I am saying with regard to the duty of Congress to assume and to exercise the constitutional powers of Congress and not to abdicate those powers. *Congress has* in a way abdicated them. Over and over again they have abdicated them, and over and over again they have passed bills with just this kind of vicious provisions in them. Of course with Congress maintaining that attitude the Supreme Court is going to continue to exercise this jurisdiction. They would not think of doing so if the Congress of the United States would by proper means indicate to them the dissent of Congress to their exercising any such appellate jurisdiction.

The Chief Justice, continuing in the case of McArdle, said:

The principle that the affirmative appellate jurisdiction implies a negation of all such jurisdiction being affirmed, having been thus established, it was an almost necessary consequence that acts of Congress providing for the exercise of jurisdiction should come to be spoken of as acts granting jurisdiction.

I emphasize that language, "spoken of as acts granting jurisdiction, and not as acts making exceptions to the constitutional grant of it."

The Chief Justice, continuing, said:

The principle that the affirmation of appellate jurisdiction implies the negation of all such jurisdiction not affirmed having been thus established, it was an almost necessary consequence that acts of Congress, providing for the exercise of jurisdiction, should come to be spoken of as acts granting jurisdiction, and not as acts making exceptions to the constitutional grant of it.

The exception to appellate jurisdiction in the case before us, however, is not an inference from the affirmation of other appellate jurisdiction. It is made in terms. The provision of the act of 1867, affirming the appellate jurisdiction of this court in cases of habeas corpus is expressly repealed. It is hardly possible to imagine a plainer instance of positive exception.

We are not at liberty to inquire into the motives of the legislature. We can only examine into its power under the Constitution; and the power to make exceptions to the appellate jurisdiction of this court is given by express words.

What, then, is the effect of the repealing act upon the case before us? We can not doubt as to this. Without jurisdiction the court can not proceed at all in any cause. Jurisdiction is power to declare the law, and when it ceases to exist, the only function remaining to the court is that of announcing the fact and dismissing the cause. And this is not less clear upon authority than upon principle.

Several cases were cited by the counsel for the petitioner in support of the position that jurisdiction of this case is not affected by the repealing act. But none of them, in our judgment, afford any support to it. They are all cases of the exercise of judicial power by the legislature, or of legislative interference with courts in the exercising of continuing jurisdiction.

On the other hand, the general rule, supported by the best elementary writers, is, that "when an act of the legislature is repealed, it must be considered, except as to transactions past and closed, as if it never existed." And the effect of repealing acts upon suits under acts repealed, has been determined by the adjudications of this court. The subject was fully considered in Norris *v.* Crocker, and more recently in Insurance Co. *v.* Ritchie. In both of these cases it was held that no judgment could be rendered in a suit after the repeal of the act under which it was brought and prosecuted.

It is quite clear, therefore, that this court can not proceed to pronounce judgment in this case, for it has no longer jurisdiction of the appeal; and judicial duty is not less fitly performed by declining ungranted jurisdiction than in exercising firmly that which the Constitution and the laws confer.

Counsel seem to have supposed, if effect be given to the repealing act in question, that the whole appellate power of the court, in cases of habeas corpus, is denied. But this is an error. The act of 1868 does not except from that jurisdiction any cases but appeals from circuit courts under the act of 1867. It does not affect the jurisdiction which was previously exercised.

Now, in this case the Congress of the United States by an act withdrew from the Supreme Court of the United States the right to pass upon this particular line of habeas corpus cases. The Supreme Court very properly held that Congress has the right to make exceptions and to make regulations with regard to cases pending in the Supreme Court.

As I said, the law schools have been teaching thousands of boys to be lawyers, and have been teaching them that the Constitution established three coordinate, coequal branches of the Government. This is a fundamental error because there were established three coordinate, but not coequal, branches of the Government.

It is extremely important to realize the huge powers and duties of the Congress.

The sovereign law-making power of the people, so far as they have delegated such power, is vested expressly in Congress, using these the words of the Constitution:

to make all laws which shall be necessary and proper for carrying into execution the foregoing powers and all other powers vested by this Constitution in the Government of the United States or in any department or officer thereof.

Congress by statute established a Supreme Court and the executive departments, and fixed their powers in accordance with the Constitution and in accordance with the power vested in Congress as the law-making power. Congress fixed the number of judges of the Supreme Court. It can add to that number now, or it can diminish the number by an act of Congress. Why, Mr. President, the Congress of the United States, if it desired, could double the number of judges in that court. It could increase the number of judges on that court from the present number to 20 or to 25 or to 48 or to 148. It could add to the number just as it sees fit, and could diminish the number just as it sees fit. To say that the Supreme Court has coequal power with the Congress of the United States is obviously preposterous.

It will be remembered in the legal tender case, when the legal tender act was declared unconstitutional by the Supreme Court, that President Grant put on two additional members of the court who thought that the legal tender act was constitutional and reversed the Supreme Court by that process.

The Supreme Court is not a coequal body with Congress and should not be so regarded. It has the highest dignity, the highest honor, and highest respect as a court, but no power to be compared with the powers of the Congress of the United States. Congress, of course, fixes the compensation of the judges of the Supreme Court, could increase the compensation, could diminish it, could make it very large, could make it very small. It has power over the living of the judges who serve in that capacity. I am speaking of power and only of power. I am challenging the claim that the Supreme Court is coequal with Congress.

Congress, through the Senate, confirms the justice of the Supreme Court before he can take his seat. It in this way creates him a justice. Congress can impeach the Supreme Court and remove the court from office. That court could not very well remove Congress from office.

I am speaking of power, relative power, the power given under the Constitution to the Congress of the United States as compared with the power given to the Supreme Court by the Constitution. The only power they were given under the Constitution was to have appellate power with such exceptions as Congress saw fit to make under such regulations as Congress saw fit to make, and the negligible original jurisdiction in cases where a State was involved or where ambassadors or foreign ministers were involved. I think there have only been about 25 such cases since the foundation of the Government. Congress under the Constitution was expressly charged with fixing the appellate jurisdiction of the Supreme Court, and the statutory jurisdiction is all the jurisdiction the court has worth mentioning. Take all their dockets and we would find not one case of original jurisdiction while we would find 500 cases under the appellate jurisdiction given by Congress, given by the Senate of the United States and the House of Representatives.

Congress has the duty imposed upon it under the Constitution to fix that appellate jurisdiction and make such exceptions and such regulations as Congress sees fit to make, and one of the exceptions which I insist shall be made is that the Supreme Court shall not nullify any part of any act passed by the Congress of the United States, and shall not declare any act unconstitutional and shall not assume to declare national policies. It is said that the Congress may make mistakes and therefore the mistakes should be rectified by the court. Yes; that is a possible suggestion. It might make mistakes. It is less apt to make mistakes than a smaller number of conscientious God-fearing men discharging their duty to the Republic.

In the only important differences that have ever arisen between the Congress of the United States and the Supreme Court, so far as I can recall at this moment, the Supreme Court was positively wrong and adopted a policy highly mischievous to the Republic, as in the case of the Dred Scott decision, which led immediately to the bloody Civil War of 1861–65; as in the legal tender case; as in the income tax case. I am talking of the power of Congress under the Constitution as contained in the Constitution, without modifying its meaning, without putting a strained interpretation upon it. I am talking of power alone. I shall talk presently of the duty of exercising that power and give reasons why I think the time has come to exercise it.

The Constitution, Article I, section 1, declares the full powers vested in Congress. I wish Senators would listen to these powers of Congress:

All legislative powers herein granted shall be vested in the Congress of the United States, which shall consist of a Senate and House of Representatives.

It gave the House of Representatives and the Senate power to impeach any officer of the United States, including judges.

It gave the Senate power to sit as a high court of impeachment over judges and all other Federal officials.

It gave the Senate the right to advise with the President of the United States and confirm the appointment of all officers of the United States, including judges.

It gave each House authority to determine its own membership and its own proceedings.

It exempted the Members of the Senate and the House from arrest by judges, except for treason, felony, or breach of the peace.

It provided that they should not be questioned in any place about any speech or debate in either House, not even by judges.

The Constitution gave Congress the power to lay and collect taxes, duties, imposts, and excises, to pay debts and pay for the common defense and general welfare of the United States.

To borrow money, and Congress has borrowed billions under this authority and power given by the Constitution of the United States.

To regulate commerce, and it has regulated commerce to the extent of hundreds of millions of dollars and it is regulating commerce now on a gigantic scale.

To establish a uniform rule of naturalization and uniform laws on the subject of bankruptcies.

To coin money, to regulate the value thereof and of foreign coins, and to fix the standard of weights and measures.

To punish counterfeiters; to establish post offices and post roads, and under that one single line the United States is expending approximately $400,000,000 a year right now.

To grant patents and copyrights. Over a million of such patents have been issued.

To constitute tribunals inferior to the Supreme Court.

To define and punish piracies and felonies committed on the high seas, and offenses against the law of nations.

To declare war, grant letters of marque and reprisal, and to make rules concerning captures on land and water.

To raise and support armies. And under that one line of the Constitution the Congress of the United States on June 5, 1917, called to the colors 10,000,000 men.

I am talking about power as between the so-called coequal branches of this Government. The Supreme Court has no power but what Congress gives it in the appellate jurisdiction, affirmatively gives it under its own decisions which I have just read to the Senate. I am reading now the powers of Congress, which are gigantic and unlimited.

To provide and maintain a Navy.

To make rules for the government and regulation of the land and naval forces.

To provide for calling forth the militia to execute the laws of the Union, suppress insurrection, and repel invasions.

To provide for organizing and disciplining the militia and for governing such part of them as may be employed in the service of the United States.

To exercise authority over all places purchased by Congress, carrying into execution the foregoing powers and all other powers vested by the Constitution in the Government of the United States or in any department or officer thereof, including the judicial department.

The Constitution expressly provides that Congress shall not do certain things. For instance:

It forbade interference with the slave trade up to 1808.

It forbade the suspension of the writ of habeas corpus except where the public safety required it.

It forbade a bill of attainder or ex post facto law.

It forbade a capitation or other direct tax on the States unless in proportion to the census.

It forbade an export duty.

It forbade a preference to be given to the port of one State over another.

It forbade expenditure of money except by lawful appropriations.

It forbade titles of nobility.

And the people refused to ratify that Constitution until the Bill of Rights in the 10 amendments was agreed to be added to that Constitution and made a part of it. In that Bill of Rights were reserved the various rights of the people which Congress was charged with the duty of defending.

The first of those rights was freedom of religion. The gentlemen who first wrote the Constitution forgot to put that in, and it was added as an after matter.

Free speech and a free press. The gentlemen who wrote the Constitution forgot to put those provisions in. Thomas Jefferson and other men of his opinions demanded that they go in.

Free right of assembly.

Free right of petition for redress of grievances. The gentlemen who wrote that Constitution forgot to put those things in.

The right of the States to have troops.

The right of the people to keep and bear arms.

The right of the people to be free from the quartering of soldiers upon them.

Freedom from unlawful searches and seizures.

Freedom from arrest for crime except on indictment.

The right of life, liberty, and property not to be interfered with except by due process of law.

The right against taking private property for public use without just compensation.

The right to speedy public trial by an impartial jury.

The gentlemen who wrote the Constitution forgot to put all those things in, but when they went home and heard from the people it became evident that it was necessary to put these provisions in the Constitution, and afterwards all of these provisions were written into the bills of rights of the several 48 States. All of the States which succeeded the blending together of the first 13 States put in their bills of rights these great fundamental provisions of human rights. Those already recited and—

The right to be informed of the nature of the accusation against a citizen.

The right to be confronted with witnesses against a citizen.

The right of compulsory process for obtaining witnesses.

The right to have counsel in the defense of the rights of a citizen.

The right to a trial by jury.

The right against excessive bail, excessive fines, or cruel or unusual punishment.

These were the rights which were omitted and which, as I have said, were subsequently written into the Constitution in the first 10 amendments, and afterwards written into the bills of rights of the 48 States.

Those who opposed the idea of having the Congress of the United States declare finally the constitutionality of an act always go back and quote Alexander Hamilton and Gerry and men of that class who were among those who were active in writing the original Constitution without the 10 amendments; they were reactionaries; but, Mr. President, progressive Democrats, progressive Republicans, and progressive men everywhere throughout the world believe that the people ought to have the right to rule in their own country and that they ought not to be governed without their consent. The people took very good pains in the Constitution to require the entire House of Representatives and one-third of the Senate every two years to come before them and give an account of their stewardship and receive the approval of the people before they continue the duty of making laws for the people. Not only that, but the people kept in their own hands the sovereignty which was declared vested in them by the Bill of Rights in every one of the 48 States of the Union.

On the 31st of July, 1911, I put in the CONGRESSIONAL RECORD an extract from the constitutions of each of the 48 States on this very point, because at that time when the Standard Oil decision was rendered I made a demand for the control of the Federal judiciary and put in the RECORD then the power which the people of this country still retained over the State judiciary. The people kept control of Congress, and when Congress passes a law in pursuance of the Constitution the Congress itself declares that law to be the supreme law of the land and does not say that the law may be declared void by the judges. Unhappily, Congress not having in express terms forbidden this unwise practice, Congress may be fairly held to have acquiesced in it, and when it put in a law such a provision as section 711, on page 72 of the pending measure, which is a bill to amend and supplement the merchant marine act of 1920, Congress is again doing the very thing which I have for so long regarded as a bad—an unendurable—practice, and one which ought no longer to be supported.

Mr. President, the Constitution of the United States requires every Senator and every Representative in Congress to take a solemn oath to support faithfully and truly the Constitution of the United States. When on their oaths Members of the House of Representatives and of the United States Senate, with the approval of the President of the United States, pass an act, a conclusive presumption arises that the act is constitutional, and this presumption can only be overthrown by the disapproval of the people of the United States, who will return a new Congress to correct any unconstitutional or impolitic act of an expiring Congress.

Mr. President, I wish to call the attention of the Senate to the supremacy of the legislative powers of the legislative assemblies of other nations. No civilized nation permits the judges

on the bench to declare unconstitutional or void the acts of their parliaments. Great Britain, on February 6, 1700, declared that judges should hold their offices "while they behaved themselves well," subject alone to removal by resolution of Parliament. This control of the judges sufficed. That is what I proposed in 1911 for the United States. I thought the time had then come for that rule in the United States.

France does not permit the laws of her Parliament to be set aside by the French judges. No French judge would dare to declare an act of the French Parliament void or invalid in part, as this bill proposes to permit.

Italy in her written constitutional law provides that the judges shall not set aside an act of Parliament.

Austria does not permit judges to set aside an act of the Austrian Parliament.

Germany does not allow the judges of Germany to set aside an act of the Reichstag.

Belgium does not permit her judges to set aside the law of Belgium.

Denmark does not permit her judges to set aside the laws of the legislature of Denmark.

Australia does not permit it; New Zealand does not permit it.

I speak of these things because the civilized world which has considered government by the people has all agreed upon this doctrine, and there must be sound reason for this unanimous opinion of mankind. It is not an accident; it is written out of the blood and tears of centuries.

Why, Mr. President, the English nation over 200 years ago decided that no longer should judges set aside the laws of Parliament.

It is true that in the Constitutional Convention in 1788 several lawyers of distinction and privilege contended that the contemplated Supreme Court of the United States should have the right to declare acts of Congress unconstitutional. Daniel Webster, Oliver Ellsworth, John Marshall, and Alexander Hamilton made the argument, and they made it on behalf of the great property holders of their States, with a view to getting their support for the Constitution, because the Constitution needed friends at that time; but John Marshall, who spoke equally well on either side of the case, defended the Constitution against the charge of Patrick Henry that it would establish a judicial despotism by the following: I should like you to listen to John Marshall, because he is the patron saint of all the gentlemen who differ with me on this question.

Here is what John Marshall said:

> Congress is empowered to make exceptions to the appellate jurisdiction as to law and fact of the Supreme Court. These exceptions certainly go as far as the legislature may think proper for the interest and liberty of the people. (Elliott's Debates, vol. 3, p. 560.)

This was said in the Constitutional Convention that framed the Constitution of the United States, and will be found in Elliott's Debates, volume 3, page 560.

The plain truth is, the people of the American Colonies who lived under the English practice recognized as a fixed principle of government that the judiciary is subject to the legislative power of the people. The English law that I referred to a moment ago was to that effect, and that law was the law of the Colonies, which they perfectly well understood. It is true that Rhode Island did about this time pass an act which its supreme court declared unconstitutional. It is also true that the legislature put the court out of office for that reason.

It is true that two or three other States had a similar experience, and the court was rebuked by the people for its conduct in this matter; but in more recent years the bad practice of the Congress of the United States has led to an extension of this practice, more or less, in some of the States. The Legislature of New Hampshire removed its supreme court four times on the ground of policy.

On July 31, 1911, in Congress, and before the Bar Association of Oklahoma on the 23d day of December, 1911, I explained the extraordinary pains the people of the United States have taken to prevent the usurpation of their power by the judges.

Mr. President, 48 States have two ways of removing judges by impeachment, and either by a short tenure of office or by resolution of the legislature. Thirty-two States have three ways of removing judges. Thirty-two States may remove judges by resolution of the State legislature. Seven States have four ways of removing judges, viz, impeachment, legislative recall, short tenure of office, and popular recall.

They started the popular recall in Oregon, first, because of the gross aggression of the railroad interests and other private interests of the State, which had corrupted practically their whole government in the interest of property against the people. The recall was applied to all officials; no exception was made as to judges. The judges of that State now would compare favorably with those of any other State. They did the same thing in California recently for the same reason, when the present senior Senator from California [Mr. JOHNSON] was making his campaign for governor and winning overwhelmingly, when the chief issue was the recall of judges and on the slogan that "the Southern Pacific has got to go out of the governing business in California."

Forty-five States recall judges by a short tenure of office, and all the States—the 48 States—have the right of impeachment. No one ever hears any complaint of our State judiciary for the very reason the judiciary is in sympathy with the people and serves them acceptably.

The people are overwhelmingly opposed to the usurpation of legislative power by the Federal judiciary appointed for life.

Nobody knew better than John Marshall himself that the Supreme Court had no right to declare an act of Congress void under the Constitution, for in the case of Ware against Hilton John Marshall stated—and I ask you to listen to the patron saint of the opposition, Mr. Marshall. He said:

> The legislative authority of any country can only be restrained by its own municipal constitution; this is a principle that springs from the very nature of society, and the judicial authority can have no right to question the validity of a law unless such jurisdiction is expressly given by the constitution.

The word "municipal," of course, is used in this text in the broadest sense.

This is John Marshall. And nobody pretends that there is any express provision in the Constitution of the United States conferring any such authority.

The highest authority on English and American law has been Sir William Blackstone. He is the one that all law clerks, law schools, and law students swear by. Listen to Sir William. He says:

> When the main object of a statute is unreasonable the judges are not at liberty to reject it, for that were to set the judicial power above that of the legislature, which would be subversive of all government. (Blackstone's Commentaries, p. 85, sec. 3.)

Thomas Jefferson had a view full of apprehension after John Marshall came on the bench.

The Congress did not rebuke Marshall for the Marbury against Madison case, and Thomas Jefferson did not see the way clearly how to protect the country against that aggression, but this is what he said:

> It has been my opinion that the germ of dissolution of our Federal Government is in the constitution of the Federal judiciary, an irrepressible body working like gravity by day and by night, gaining a little to-day and a little to-morrow and advancing with a noiseless step like a thief over the field of jurisdiction, until all shall be usurped. (Federal Law Journal, vol. 66, p. 293.)

Evidently Jefferson did not observe the power of Congress to limit the appellate jurisdiction of the court. If he had, he would not have been afraid at all of the court. The country is in no danger from the Supreme Court or from any other court. The Constitution of the United States is all right. It was written all right. It only needs to be interpreted properly; it only needs to be exemplified and made to accomplish the ends for which it was intended.

Mr. President, Andrew Jackson is another authority to whom I want to call your attention. He said of John Marshall and one of his famous decisions:

> John Marshall has rendered his decision. Now let us see him enforce it.

That is what Jackson said, but I want to quote you the language of Jackson in the case of the Bank of United States. Jackson said this:

> It is maintained by the advocates of the bank that its unconstitutionality, in all its features, ought to be considered as settled by precedent and by the decision of the Supreme Court. To this conclusion I can not assent. * * * If the opinion of the Supreme Court covered the whole ground of this act, it ought not to control the coordinate authorities of this Government. The Congress, the Executive, and the court must each for itself be guided by its own opinions of the Constitution. Each public officer who takes an oath to support the Constitution swears that he will support it as he understands it and not as it is understood by others. It is as much the duty of the House of Representatives, of the Senate, and of the President to decide upon the constitutionality of any bills or resolutions which may be presented to them for passage or approval as it is of the Supreme Court, when it may be brought before them for judicial decision. The opinion of the judges has no more authority over Congress than the opinion of Congress has over the judges; and on that point the President is independent of both. The authority of the Supreme Court must not, therefore, be permitted to control the Congress or the Executive when acting in their legislative capacities, but to have only such influence as the force of their reasoning deserve. (Senate Journal, July, 1832, p. 451.)

President Jackson overlooked the fact that Congress has the power to impeach the President and the Supreme Court, and that Congress therefore exercised the sovereign lawmaking power of the people, but he states correctly that "the Supreme Court must not be permitted to control the Congress."

President Jackson overlooked the power of Congress to control the appellate jurisdiction of the Supreme Court, which would make it impossible for the Supreme Court to put itself in mischievous conflict with the sovereign lawmaking power of the Nation.

Abraham Lincoln resisted the Dred Scott decision and said that he would not oppose the decision as far as it related to the slave individually, and then he said these memorable words:

> But we, nevertheless, do oppose that decision as a political rule which shall be binding on the voter to vote for nobody who thinks it wrong; which shall be binding on the Members of Congress or the President to favor no measure that does not actually concur with the principles of that decision. * * * We propose so resisting it as to have it reversed, if we can, and a new judicial rule established upon this subject. (Works of Jefferson, vol. 12, p. 163.)

Well, he had some trouble in reversing it. It took the bloodiest war in our history to reverse it, and four years of fratricidal strife, and billions of treasure; with grief, sorrow, heartburning, and bitter hatred that lasted for generations.

It is hard to reverse the decisions of the Supreme Court by that kind of a method, but it was reversed by war. They declared in the Dred Scott decision that slavery was a constitutional right; that Congress had no right to change that constitutional right; that Congress had no right to pass the Missouri compromise law; that Congress violated the Constitution of the United States when it passed the Missouri compromise law on slavery.

The decision inflamed the North and led to the withdrawal of the Southern States and to war.

Mr. President, I want to call attention to the Constitutional Convention of 1788 and what was said and done there in regard to the right of the Supreme Court of the United States to declare acts of Congress unconstitutional either before or after the passage of such acts.

In the Constitutional Convention which framed this United States Constitution, Edmund Randolph, on June 4, 1787, proposed the following resolution:

> *Resolved*, That the Executive and a convenient number of the national judiciary ought to compose a council of revision, with authority to examine every act of the National Legislature before it shall operate * * * and that the dissent of said council shall amount to a rejection unless the act of the National Legislature be again passed. (Elliott's Debates, vol. 1, pp. 159, 164, 214.)

They did not propose to finally veto an act of Congress and never let it go into effect. They only proposed that the judiciary, with the Executive, should have a temporary veto, and if Congress insisted upon passing a measure, to let it be the law, but even that moderate proposition was three times defeated and never received the vote of over 3 States out of the 13.

A like proposition was also rejected August 5, 1787. (Elliott's Debates, vol. 1, p. 243.)

Only 11 members of the Constitutional Convention out of 65 favored giving the judiciary any control. These were Blair, Gerry, Hamilton, King, Mason, Morris, Williamson, Wilson, Baldwin, Brearly, and Livingston.

Hamilton, Morris, Gerry, and several others of this group were known to be strongly opposed to democracy.

George Washington, Charles Pinkney, James Madison, and many others, 22 in number, are known to have expressly opposed any judicial veto. There were 65 members and only 11 on record as favoring any form of judicial interference with the legislative powers. (This is fully set up in Davis on Judicial Veto, p. 49.)

The Constitution, however, speaks for itself; it puts the sovereign power in Congress, the power to control the appellate jurisdiction, and thus to prevent the exercise of the judicial veto, if it is attempted.

The judicial veto has been attempted.

It has been exercised. It has been exercised with the acquiescence of Congress, an acquiescence which Congress has no right to make. The judicial veto has proven to be highly mischievous in our history, and it has become unendurable.

Mr. President, I want to call attention to the first case in which the Supreme Court undertook to set up the right to declare an act of Congress unconstitutional. It was the case of Marbury *v.* Madison, when John Marshall was Chief Justice of the United States.

John Marshall was a federalist, an aristocrat, a reactionary, a man of considerable ability, with a consuming desire for power, great tenacity of purpose, and a great hatred for Thomas Jefferson and his doctrines.

John Adams, the federalist, took advantage of the election of Jefferson, the democratic republican, to put John Marshall, the federalist, on the bench as Chief Justice for life, as one of his last acts before he turned over the Government to Thomas Jefferson. Keep that in mind, because it meant trouble, and here comes the first trouble. In Marbury *v.* Madison John Marshall violated the first principles of government of the English-speaking people in assuming the right to declare void the will of the National Legislature.

Congress, under Article III, section 1, in distributing the judicial powers of the United States, when it established the Supreme Court by the judiciary act of 1789, gave the Supreme Court, wisely and justly and lawfully, in addition to its "original" jurisdiction, the right to issue a writ of mandamus as a part of the judicial powers of the United States. A little citizen having a case against a great Cabinet officer could hardly expect to get his relief from a small subordinate officer of the judiciary department. When he makes a demand on the Secretary of State for his right, as Marbury did, he ought to have the backing of the very highest judicial authority, one that can speak to the Secretary of State on terms of some comparative equality.

John Marshall struck down that right on the claim that Congress had no right to add to the "original" jurisdiction of the Supreme Court. Congress did not add anything to the "original" jurisdiction of the Supreme Court. The Constitution placed the judicial powers of the United States in the Supreme Court and in such inferior courts as Congress should establish, and Congress, in pursuance of that authority, gave the right of issuing the writ of mandamus to the Supreme Court, as it had a plain constitutional right to do.

A citizen named Marbury, in the District of Columbia, had been appointed notary public by the retiring administration; his commission had been made out; it had been signed by the President, by the Secretary of State, had the seal on it, and was lying on the table of the Secretary of State for delivery. The incoming Secretary of State refused to deliver it, and Marbury went to John Marshall, Chief Justice of the Supreme Court of the United States, and asked to have a writ of mandamus issued on the Secretary of State to deliver that commission. John Marshall said "no"; that Congress had no right to authorize the Supreme Court to issue writs of mandamus; that that was unconstitutional on the part of Congress. And when he refused that jurisdiction of a writ of mandamus he seized the power to declare an act of Congress void, and, therefore, attempted to make himself the judicial ruler of the United States by exercising a judicial veto over Congress.

The Congress of the United States ought then and there to have impeached John Marshall. He was guilty of a violation of the true meaning of the Constitution; he himself in that act, as a judicial officer, violated the spirit and purpose and meaning of the Constitution, and he assumed the sovereign power over the legislative agents of the people of the United States. He held office for life, and there was no way for the people to get at him except by impeachment. A great many men who would think he was wrong in his opinions, who would think that he had done very wrong, would hesitate long before they would use that drastic power, which exercised over a Supreme Court judge blasts his name for all history. The remedy would appear too drastic for the offense, because, after all, the Congress can prevent the recurrence of that kind of thing simply by using the power given to it by the Constitution of the United States.

Jefferson did not hesitate to denounce Marshall as a thief of jurisdiction, and Marshall never repeated that offense.

It was 53 years before it was repeated, in 1856, and then, in the Dred Scott case, it caused the enormous catastrophe of the great Civil War between the Northern and the Southern States.

The next mischievous step taken by John Marshall of national importance was in Fletcher *v.* Peck, where an act of the Georgia Legislature correcting a previous fraud was declared "unconstitutional." In this case the Legislature of Georgia had been deliberately corrupted with money by four land companies and induced to pass an act conveying, without adequate compensation, an enormous grant of land, some 40,000,000 acres, belonging to the people of Georgia. The people of Georgia were enraged over it. They came together, turned out the legislature; they elected a new legislature; the new legislature immediately repealed the act. It came up before John Marshall's court, and after solemnly considering it he decided that a State did not have the right to pass an act "impairing the obligation of a contract." The most mischievous consequences followed. It was only necessary thereafter to corrupt a legislature and get the grant made—that settled it forever.

Since that time many courts have announced a wiser principle: That fraud vitiates a contract; that it is no contract when it is obtained corruptly.

A far more dangerous opinion followed this Fletcher *v.* Peck case. It was the Dartmouth case—a case that did not seem to be of any importance at all. The Legislature of New Hampshire

passed an act increasing the number of trustees of Dartmouth College. The old trustees were Federalists, the new trustees anti-Federalists. Marshall and Washington were Federalists; they opposed the act of the legislature. Duval and Todd supported the legislature. Marshall succeeded in preventing a decision at that term, and by a political campaign the other three judges—Johnson, Livingstone, and Storey—were persuaded to agree with Marshall. (Life of Webster, by LODGE, p. 1–88.)

Listen to these words. Mr. LODGE says:

> The whole business was managed like a quiet, decorous, political campaign.

Chancellor Kent says the decision in that case did more than any other single act proceeding from the authority of the United States to throw an impregnable barrier around all rights and franchises derived from the grant of government. (Kent's Commentaries, p. 419.)

Fifty years later Mr. Chief Justice Cole, of the Iowa Supreme Court, said:

> The practical effect of the Dartmouth College decision is to exalt the rights of the few above those of the many. And it is doubtless true that under the authority of that decision more monopolies have been created and perpetuated and more wrongs and outrages upon the people effected than by any other single instrumentality of the Government. (Dubuque *v.* Ry. Co., 39 Iowa, 95.)

Judge Cooley, the great constitutional lawyer, said of this case:

> It is under the protection of the decision of the Dartmouth College case that the most enormous and threatening powers in our country have been created. Some of the great and wealthy corporations actually having greater influence in the country at large, and upon the legislation of the country, than the States to which they owe their corporate existence. Every privilege granted, or right conferred—no matter by what means or on what pretense—being made inviolable by the Constitution, the Government is frequently found stripped of its authority in very important particulars by unwise, careless, and corrupt legislation; and a clause of the Federal Constitution whose purpose was to preclude the repudiation of debts and just contracts, protects and perpetuates the evil. To guard against such calamities in the future, it is customary now for the people in forming their constitutions, to forbid the granting of corporate powers except subject to amendment and repeal, but the improvident grants of an early day are beyond their reach. (Cooley on Con. Lim. 279.)

When the Supreme Court declared the Missouri compromise, passed by Congress, unconstitutional and slavery a constitutional right it took a frightful war to settle the error of this judicial usurpation.

When the Supreme Court declared the legal tender act void they took from the Government, or they would have taken from the Government if the case had been permitted to stand, one of the strongest instrumentalities for the protection of the great Republic in the time of war.

This gross error was corrected by reversing it. General Grant did that by appointing two new judges in favor of the legal tender act, whose votes corrected the error of the Supreme Court by reversing the previous decision. It was an undignified remedy but better than none. Congress has this right now, but the American people do not and will not approve any such practice. The judges on the Federal bench ought to represent the matured judgment and will of the American people.

INCOME TAX CASE.

When the Supreme Court declared the income tax void and transferred the taxes from the wealth of the country, which is protected by the expenditure of such taxes, it disregarded the will of the people of the United States and of Congress, vetoed the action of the House of Representatives, of the United States Senate, and of the President, reversed the decisions of the Supreme Court of the United States for a hundred years, and it took the people 16 years to correct it by a constitutional amendment, at a cost to the consuming masses of over $1,600,000,000.

Mr. President, it was not necessary to have the constitutional amendment at all. All in the world that was required was another act withdrawing from the Supreme Court the right to pass upon the constitutionality of that act, and notify judges of the inferior courts that it should not be questioned in their hearing.

When the Supreme Court declared the Sherman antitrust law only intended to prohibit unreasonable restraint of trade, they rendered the act nugatory and void. The effect of this decision was to enthrone monopoly and to raise the cost of living.

The remedy which I have proposed is very simple. The Constitution gives Congress all the power necessary. All that Congress has to do is to pass a suitable resolution. The Constitution gives Congress entire control of the appellate jurisdiction of the Supreme Court in these words:

> In all cases affecting ambassadors, other public ministers and consuls, and those in which a State shall be a party, the Supreme Court shall have original jurisdiction. In all other cases before mentioned the Supreme Court shall have appellate jurisdiction both as to law and fact, with such exception and under such regulation as the Congress shall make.

The power of Congress in this matter was passed on in the case of William H. McCardle, an editor in southern Mississippi, arrested by Major General Ord who was putting into effect the reconstruction act in 1868. McCardle sued out a writ of habeas corpus from the circuit court to the Supreme Court of the United States. The Supreme Court refused to exercise appellate jurisdiction and dismissed the case on the ground that Congress had withdrawn appellate jurisdiction in such habeas corpus cases, and that Congress had the constitutional power to do so. It was a unanimous opinion.

I have quoted eight cases of like purport in the RECORD to-day.

The court said in the McCardle case:

> We are not at liberty to inquire into the motives of the legislature. We can only examine into its power under the Constitution, and the power to make exceptions to the appellate jurisdiction of this court is given by express words.
>
> What, then, is the effect of the repealing act upon the case before us? We can not doubt as to this. Without jurisdiction the court can not proceed at all in any cause. Jurisdiction is power to declare the law, and when it ceases to exist the only function remaining to the court is that of announcing the fact and dismissing the cause. And this is not less clear upon authority than upon principle.

It is obvious, therefore, that we have no occasion to discuss the past history of the Supreme Court on the point of whether they have usurped jurisdiction in declaring congressional statutes void. We need not go into the past. We might say that since Congress has permitted the right without protest to pass upon acts of Congress, that it was not unreasonable that the justices should think themselves justified in exercising the power of saying an act of Congress was unconstitutional. I am willing to acquiesce in that for the purpose of the argument but not historically. My proposition deals with the future, not the past.

I have demonstrated without the possibility of a doubt that this power is in Congress, and conceded to be in Congress by a unanimous opinion of the Supreme Court of the United States.

I call attention to that very interesting fact, which appears to be entirely forgotten by lawyers in this body.

Mr. President, I respect and honor that great court; I respect the learned and able gentlemen who comprise that court, individually and personally; I believe in their integrity of mind; I believe in their learning; I believe in their high personal honor; but I tell you also that I believe when you have a jury of Irishmen you will get a home-rule decision.

All men are fallible. Even judges are fallible. On the Supreme Court every season cases are decided by the hundreds, as the term goes by, in which constantly there is a minority of judges on one side and a majority of the judges on the other, and every time the majority decides a case against the minority there is a judicial ascertainment by the Supreme Court of the United States as to the fallibility of each one of the members on the minority, and there is not a week that some of those judges are not in the minority, so that we have every week through the term the judicial ascertainment by the majority of the Supreme Court of the United States of the judicial fallibility of every one of its own members. There is nothing surprising in that.

Mr. POMERENE. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Ohio?

Mr. OWEN. I yield.

Mr. POMERENE. Is not that also true in the work of the Congress, where there is a majority and a minority?

Mr. OWEN. It is magnificently demonstrated all the time by the Congress. I am merely calling attention to the fact that they are human beings in either case, whether in the Senate or in the House or on the bench, and when they go from the Senate to the bench or from the House to the bench, as they do all the time, they do not cease to exemplify that principle. I am only talking about a supposed infallibility of the court. I am only demonstrating that they are not infallible and ought not to be held up as infallible.

Just look at the income-tax case, and look at the dogma of the Supreme Court on the question of deciding an act unconstitutional only when the unconstitutionality is overwhelmingly established, and only when there is no doubt about the unconstitutionality of the act.

That is the dogma. The Senator from Ohio as a lawyer knows that is a dogma of the Supreme Court, and yet the professional dogma of the court is to give all benefits of the doubt in favor of the constitutionality. The trouble about the dogma is they never pay any vital attention to it. It is only a theoretical dogma; it is not real. Here is the Income Tax case.

For a hundred years the Supreme Court had sustained the right of Congress to pass an income-tax law. Here was the income-tax law, passed by the House of Representatives, who said it was constitutional; passed by the Senate, and the Senate said it was constitutional; approved by the Attorney General of the United States and by the President of the United States, and they said it was constitutional; and then Judge Blank reversed himself overnight and joined the other four, which made them five, and then they decided in spite of this dogma that there was no doubt whatever about its unconstitutionality.

That was rather a remarkable instance where Judge Blank, whose name I do not care to put in the RECORD, when he first voted that it was constitutional, judicially ascertained the fallibility of the other four minority members of the court and then, when he changed his mind and joined the four minority members and made them five, he judicially ascertained the fallibility of the four he had just left, and, since he was on both sides, he must have been fallible, and so there was a demonstration and judicial ascertainment of the fallibility of every judge on the court by the acts of Judge Blank.

So that men must not say the Supreme Court is infallible. Notwithstanding that, it is the most honorable court in the world. Notwithstanding that, the court is composed of a membership of men of the greatest learning, the highest character, for whom I have reverence. But I respect the Constitution itself, and I respect the rights of the people of the United States, and the time is coming when the representatives of the people of the United States should not submit to having the power vested in them by the Constitution taken out of their hands, and I will not yield to it so far as I am concerned.

Senators will all remember the famous case of Tilden-Hayes. Here were five of the justices of the Supreme Court; five of the most conspicuous and able Senators of the United States; here were five of the ablest Members of the House of Representatives—seven Democrats, eight Republicans. There were four great contested-election questions with many controverted questions, and every one of the 15 decided every case according to his own previous political predilection, and the country was astonished to find that 8 was a majority of 15. But they did discover it.

That shows what men will do when they are influenced by their environment and by their predilections. The point I want to make is that human beings of the first magnitude are influenced by their training, by their environment, by their social atmosphere, and sometimes by the men with whom they dine.

Now, if you put the sovereign power of declaring void the acts of your legislative representatives in the United States Supreme Court not responsible to you, you may thank yourselves for the result.

The people of the United States have a right to demand of their representatives a protection of the rights of the people against the nullification of the acts of Congress. The people of the United States have a right to know what a law means after it has been passed. After Congress has enacted a statute of many pages the people have difficulty in understanding it as passed. There come out of Congress great volumes of legislation submitted to the people of the country who must understand it, and the people are told that not a single page of any one of these statutes has any element of finality in it. In the case of the Sherman antitrust law the courts waited 25 years before they discovered that Congress meant a "reasonable" restraint of trade.

STANDARD OIL AND AMERICAN TOBACCO CASES.

Look at that great case known as the Standard Oil case. Here was a case where the people of this country after years of struggling finally had their representatives in Congress, in the Senate and in the House, both agree upon the Sherman antitrust law—that was in 1890, 33 years ago—making it a criminal offense to commit an act in restraint of trade, vital if the principle of competition is to survive; vital if the monopolies are not to be permitted to kill off every competitor and have a masterful control over the market and over the price which shall be paid for that which the people produce and for that which the people are compelled to buy; vital if the cost of living is ever to be lowered to a reasonable point. It took the people years to get that law on the statute books. They struggled for that statute for 20 years before they got it. Finally they got it in 1890—33 years ago. Now it is void, practically worthless, because nobody knows what a "reasonable" restraint of trade is.

After taking years to get that law on the statute book, it finally, by the slow, dragging, wearisome process of the court, came before the Supreme Court in the trans-Missouri and joint-traffic cases, and there in three different decisions that court declared that Congress meant what it said and that it was the law, and any act in restraint of trade was criminal.

Then the trusts came to Congress and tried to get a remedy. I want Senators to listen to the report of the Committee on the Judiciary on this very remarkable case. The proposed relief bill was introduced by Senator Warner, of Missouri, January 26, 1908. Here is the report of the Senate committee refusing to write the word "reasonable" into this act. Congress had said it is not reasonable to deny liberty to another man, no matter how small; it is not reasonable for men to meet and act in restraint of trade, restraining some other man from his rights. Listen to what the Senate committee said:

> The antitrust act makes it a criminal offense to violate the law and provides a punishment applied by fine and imprisonment. To inject into the act the question of whether an agreement or combination is reasonable or unreasonable would render the act, as a criminal or penal statute, indefinite and uncertain, and hence to that extent utterly nugatory and void, and would practically amount to a repeal of that part of the act. * * * And while the same technical objections do not apply to civil prosecutions, the injection of the rule of reasonableness or unreasonableness would lead to the greatest variableness and uncertainty in the enforcement of the law. The defense of reasonable restraint would be made in every case, and there would be as many different rules of reasonableness as cases, courts, and juries. * * * To amend the antitrust act as suggested by this bill would be to entirely emasculate it, and for all practical purposes render it nugatory as a remedial statute.

President Taft in a special message to Congress January 7, 1910, condemned the proposal of so amending the law, and said that such an amendment would—

> put into the hands of the court a power impossible to exercise on any consistent principle which will insure the uniformity of decision essential to good government. It is to thrust upon the court a burden that they have no precedents to enable them to carry and to give them a power approaching the arbitrary, the abuse of which might involve our whole judicial system in disaster.

The Supreme Court, in the Standard Oil cases and American Tobacco case (1911), thereupon proceeded to emasculate it and render it nugatory by writing an opinion which in effect held that a reasonable restraint of trade was not unlawful after Congress had deliberately and expressly refused to so amend it.

I am going to read just one opinion from Judge Harlan on this case. Justice Harlan was an honored member of that court for 25 years or more—one of its leading lights. Listen to what he says:

> * * * By every conceivable form of expression the majority of the trans-Missouri and Joint Traffic cases adjudged that the act of Congress did not allow restraint of interstate trade to any extent or in any form, and three times it expressly rejected the theory, which had been persistently advanced, that the act should be construed as if it had in it the word "unreasonable" or "undue," but now the court, in accordance with what it denominates "the rule of reason," in effect inserts in the act the word "undue," which means the same as "unreasonable," and thereby makes Congress say what it did not say—what, as I think, it plainly did not intend to say, and what, since the passage of the act, it has explicitly refused to say. It has steadily refused to amend the act so as to tolerate a restraint of interstate commerce, even where such restraint could be said to be "reasonable" or "due." In short, the court, by judicial legislation, in effect, amends an act of Congress relating to a subject over which that department of the Government has exclusive cognizance.
>
> I beg to say that, in my judgment, the majority in the former cases were guided by the "rule of reason," for, it may be assumed, they knew quite as well as others what the rule of reason required when the court seeks to ascertain the will of Congress as expressed in a statute. It is obvious, from the opinions in the former cases, that the majority did not grope about in darkness, but in discharging the solemn duty put on them they stood out in the full glare of the "light of reason" and felt and said time and again that the court could not, consistently with the Constitution, and would not, usurp the functions of Congress by indulging in judicial legislation. They said in express words in the former cases, in response to the earnest contentions of counsel, that to insert by construction the word "unreasonable" or "undue" in the act of Congress would be judicial legislation. Let me say also that as we all agree that the combination in question was illegal under any construction of the antitrust act, there was not the slightest necessity to enter upon an extended argument to show that the act of Congress was to be read as if it contained the word "unreasonable" or "undue." All that is said in the court's opinion in support of that view is, I say with respect, obiter dicta, pure and simple.

In respect to the decision on the income tax, Mr. Justice White, afterwards Chief Justice, in dissenting, said:

> I consider that the result of the opinion of the court just announced is to overthrow a long and consistent line of decisions and to deny to the legislative department of the Government the possession of a power conceded to it by the universal consensus for 100 years, and which has been recognized by repeated adjudications of this court. (157 U. S. 429.)

Mr. Justice Jackson, of the Supreme Court, in his dissenting opinion on the income tax decision, said:

> Considered in all its bearings, this decision is, in my judgment, the most disastrous blow ever struck at the constitutional power of Congress. (158 U. S. 705.)

Mr. Justice Brown, in his dissenting opinion, said:

> I can not escape the conviction that the decision of the court in this great case is fraught with immeasureable danger to the future of the country and that it approaches the proportions of a national calamity. * * * I hope it may not prove the first step toward the despotism of wealth. (158 U. S. 695.)

Mr. President, I do not concur in the attitude of Justice Brown in regarding it as a national calamity, or of Justice Jackson, who said it was the most disastrous blow ever struck at the constitutional power of Congress, because Congress has all the power it needs. It requires no change of the Constitution. It needs but to instruct the judges as to the extent of their power, and the remedy is abundant. Congress need but say that it shall not lie within the power of any judge on the bench to question the constitutionality of an act of Congress, and that it shall not lie within the power of any judge upon the bench to change the policy of an act by reading into the act anything which Congress has not written into it.

The judges on the bench have no desire to deal with arrogance or with usurpation with the powers of Congress. This practice has grown up through many, many years, but the time has come to correct it. I am calling the attention of the Senate and of the country to it, and I am determined that while I remain in this body no such provision as that found on the seventy-second page of this bill, in section 711, shall ever be passed again without my protest.

Mr. POINDEXTER. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Washington?

Mr. OWEN. I do.

Mr. POINDEXTER. I understand that the section of the bill which the Senator from Oklahoma is opposing is a section that provides that in case any portion of the bill, if it shall become an act, shall be held unconstitutional by the courts, that shall not affect the constitutionality of the remainder of it. It is put in there as a precautionary provision by the framers of the bill and by Congress, if Congress shall approve it, to protect an act of Congress from being held to be invalid by the Supreme Court or any other court of the United States, in so far as Congress has that power. I understand that the Senator from Oklahoma is taking a position, which is quite unusual nowadays, that Congress has power by appropriate legislation to deprive the courts of jurisdiction to hold an act, or any part of an act, unconstitutional.

Mr. OWEN. The Senator is quite right.

Mr. POINDEXTER. I fail to see the consistency of the Senator's opposition to this section, which is intended to accomplish the very purpose which the Senator from Oklahoma is advocating, in so far as it can do so.

Mr. OWEN. No; Mr. President, it is very far from accomplishing the purpose which the Senator from Oklahoma has in view. It is, in effect, a concession on the part of Congress that the court has the right to declare unconstitutional an act of Congress, and that I do not assent to. On the contrary, there should be put into this bill a provision that the court shall not have any right to appellate powers over the question of the constitutionality of this or any other act.

Mr. POINDEXTER. I understand, then, from the Senator's position, that he, by his opposition to this section, is of the opinion that if any part of this act should be held to be unconstitutional, the whole act should fall as unconstitutional.

Mr. OWEN. No, sir.

Mr. POINDEXTER. The provision which the Senator is moving to strike out is intended to prevent that very result.

Mr. OWEN. No, sir; the Senator fails to perceive that I object to the Congress consenting to have any part of the act being declared unconstitutional. I am not willing to have the court declare any part of the act unconstitutional.

Mr. POINDEXTER. But the Senator does not accomplish that purpose by striking out this provision of the act.

Mr. OWEN. I will accomplish that purpose, if the Senator pleases, by an amendment that I will offer in lieu of it.

Mr. POINDEXTER. That would be quite a different proposition; but the Senator has not offered anything in lieu of it, and, as I understand, he is opposing this provision.

Mr. OWEN. Yes; the Senator is quite right. I am opposing that provision, and at the proper time I will offer the amendment, which I have justified by the matter that I have submitted to the Senate to-day. Unfortunately, few Members of the Senate hear what is being said. Few Members pay any attention whatever to the quotations which are put in here from the Supreme Court itself. Both sides have vacated the Senate Chamber. They do not hear it. The argument may be vital to the Nation, but nobody pays any attention to it. Our rules of unlimited debate have killed debate and driven Senators from the floor.

Mr. POINDEXTER. That shows a weakness on the part of Congress—on the part of one branch of Congress, at least.

Mr. OWEN. No; I think it is really due to a weakness in our own rules. We have adopted the rule of unlimited debate here, and it has killed real debate.

Mr. POINDEXTER. The Senate makes its own rules, and in so far as the rules are defective the Senate is responsible for them. The Senator from Oklahoma now castigates the Senate——

Mr. OWEN. No; I am not castigating the Senate.

Mr. POINDEXTER. Well, he criticizes it——

Mr. OWEN. No; I am not even criticizing it. I am merely commenting upon an obvious fact.

Mr. POINDEXTER. He comments upon an obvious fact unfavorably to the Senate.

Mr. OWEN. That depends on the point of view. I wish the majority of the Senate thought so.

Mr. POINDEXTER. And yet the entire burden and purport of the argument of the Senator is to give to these branches of Congress that he says pay no attention to the vital needs of the Nation absolute and autocratic power over the people of the country, without any constitutional limitations whatever.

Mr. OWEN. The Senator from Washington would like to have the Supreme Court exercise this power over Congress; and if the Senator will take the trouble to read in the RECORD what I have said, he will find that there is an abundant justification for what I have said. The Senator, however, comes in at the last moment and hears only a few words of what I say and makes an observation which occurs to him, and which is perfectly natural and reasonable, and with which I find no fault. I am not criticizing the Senate particularly. I am merely calling attention to what is an obvious fact. I have tried time and time again, in the most earnest and serious way, to get direct cloture in this body. I would vote for it to-day, notwithstanding my objection to this bill.

Mr. POINDEXTER. Mr. President, if the Senate is subject to the comments that the Senator from Oklahoma makes we may presume that the other branch of the Congress is subject to the same characterization, that it makes rules under which it is more or less incapacitated from doing business efficiently. How does the Senator base upon that proposition the doctrine which he now announces, that it should have supreme power, unaffected by any constitutional limitations?

Mr. OWEN. I do not want to repeat the speech I have just made. I have been speaking for an hour or more, and laying the ground to justify what I have said, and I must ask the Senator to be good enough to read it, because I do not want to repeat it. The House of Representatives has cloture, the Senate has not, and my observations are quite justified.

Mr. BROOKHART. Mr. President, I should like to ask the Senator from Washington if there is any other court in the world that has power to set aside legislative statutes except the Supreme Court of the United States?

Mr. POINDEXTER. All the courts of Great Britain have such power and constantly exercise it.

Mr. OWEN. Oh, no. They do not.

Mr. POINDEXTER. The Senator is entirely mistaken about that. It may be an unusual exercise of power, but there is a constitution in Great Britain, although it has not the advantage that I believe results from having a constitution in writing. They have, however, an unwritten constitution.

Mr. OWEN. Yes; and the courts do not set aside acts of Parliament, either.

Mr. POINDEXTER. If the Senator is familiar with the judicial history of Great Britain, he will find many occasions upon which acts of Parliament of Great Britain have been held to be unconstitutional and in violation of the rights of the people and of the British constitution.

Mr. BROOKHART. Recently the procedure was amended so that the power of the House of Lords, even, was taken away and subordinated to that of the lower House of Parliament.

Mr. KELLOGG. Mr. President, will the Senator yield?

Mr. OWEN. Yes; I yield.

Mr. KELLOGG. I should like to say to the Senator from Iowa that I have heard the House of Lords within the last 10 years pronounce opinions declaring laws of the Provinces of Canada in violation of the British North American act, which is the written constitution of Canada.

Mr. BROOKHART. Mr. President, that does not reach the point I raised.

Mr. OWEN. That does not reach the point at all.

Mr. BROOKHART. The legislation of the Dominion, of course, is subject to the House of Lords and to the English courts. I was speaking of the acts of Parliament itself.

Mr. POINDEXTER. They have done it as to the laws of Parliament, too.

Mr. OWEN. I challenge the Senator to put the cases in the RECORD.

Mr. POINDEXTER. I shall be very glad to accommodate the Senator from Oklahoma.

Mr. OWEN. I will ask the Senator to put them in the RECORD. He will find difficulty in finding them.

Mr. President, Mr. Justice Harlan said, in regard to this income-tax decision:

It so interprets constitutional provisions * * * as to give privileges and immunities never contemplated by the founders of the Government. * * * The serious aspect of the present decision is that by a new interpretation of the Constitution it so ties the hands of the legislative branch of the Government that without an amendment of that instrument or unless this court at some future time should return to the old theory of the Constitution, Congress can not subject to taxation, however great the needs or pressing the necessities of the Government, either the invested personal property of the country, bonds, stocks, and investments of all kinds, etc. * * * I can not assent to an interpretation of the Constitution that impairs and cripples the just powers of the National Government in the essential matter of taxation and at the same time discriminates against the greater part of the people of our country. (158 U. S. 695.)

Mr. Justice Harlan said on another occasion:

When the American people come to the conclusion that the judiciary of this land is usurping to itself the functions of the legislative department of the Government, and by judicial construction is declaring what is the public policy of the United States, we will find trouble. Ninety millions of people—all sorts of people with all sorts of beliefs—are not going to submit to the usurpation by the judiciary of the functions of other departments of the Government and the power on its part to declare what is the public policy of the United States. (221 U. S. 1, 106.)

That is the language of a justice of the Supreme Court I am quoting. Senators should listen to it and remember the rights of the people.

Mr. Theodore Roosevelt, before the Colorado Legislature, pointed out the grave danger in recent court decisions in defeating humane laws, and stated:

If such decisions as these two indicated the court's permanent attitude there would be really grave cause for alarm, for such decisions, if consistently followed up, would upset the whole system of popular government.

And he referred to such decisions as "flagrant and direct contradictions to the spirit and needs of the times."

Senator ROBERT M. LA FOLLETTE, in his introduction to Gilbert E. Roe's work, "Our Judicial Oligarchy," said:

Precedent and procedure have combined to make one law for the rich and another for the poor. The regard of the courts for fossilized precedent, their absorption in technicalities, their detachment from the vital, living facts of the present day, their constant thinking on the side of the rich and powerful and privileged classes have brought our courts into conflict with the democratic spirit and purposes of this generation. Moreover, by usurping the power to declare laws unconstitutional, and by presuming to read their own views into statutes without regard to the plain intention of the legislature, they have become in reality the supreme lawmaking and lawgiving institution of our Government. They have taken to themselves a power it was never intended they should exercise; a power greater than that intrusted to the courts of any other enlightened nation. And because this tremendous power has been so generally exercised on the side of the wealthy and powerful few, the courts have become, at last, the strongest bulwark of special privilege. They have come to constitute what may indeed be termed a "judicial oligarchy."

Thomas Jefferson, in his letter to Mr. Jarvis, in 1820, rebuked him for assuming that judges should have power over the legislature, the judges being themselves beyond control except by the impossible remedy of impeachment, and said:

You seem to consider * * * the judges as the ultimate arbiters of all constitutional questions; a very dangerous doctrine, indeed, and one that would place us under the despotism of an oligarchy.

A number of books have recently been written upon this matter, as Our Judicial Oligarchy, by Gilbert E. Roe; The Judicial Veto, by Davis; The Majority Rule and the Judiciary, by William N. Ransom, with an introduction by Theodore Roosevelt; The Spirit of the American Constitution, by Prof. J. Allen Smith; all of which emphasize the need to correct the practice I have referred to.

When the Standard Oil Co. was dissolved their stock was worth about $600,000,000. Six years afterwards it was worth twenty-four hundred million. At the present time I do not know what it is worth, but very, very much more than that.

Our yielding to this sort of thing will account for the growth of monopolies in this country, for the manner in which prices for the necessaries of life have gone to a point which is distressing the people of this Nation from one end to the other, which is ruining the farmers and stock raisers, the little producers, and the small consumers.

Mr. LENROOT. Mr. President, before the Senator leaves that subject, will he yield?

Mr. OWEN. I yield.

Mr. LENROOT. I would like to get the Senator's viewpoint. Suppose Congress should pass a law respecting an establishment of religion. Does the Senator think that should be the law of the land?

Mr. OWEN. I will suppose nothing of the kind.

Mr. LENROOT. But I say, if Congress did.

Mr. OWEN. I refuse to agree that it might. No such presumption is possible.

Mr. LENROOT. Of course, I see the predicament the Senator would be in——

Mr. OWEN. I see the Senator's predicament when he makes an impossible suggestion.

Mr. KELLOGG. Will the Senator yield to me?

Mr. OWEN. I yield to the Senator.

Mr. KELLOGG. Suppose the Congress should pass a law providing for the seizure of papers, an unreasonable search and seizure, in violation of the Constitution, on which papers a man could be convicted of a crime, would the Senator say then——

Mr. OWEN. The supposition of the Senator is well-nigh impossible, and if made can be corrected by Congress.

Mr. KELLOGG. I will say to the Senator that Congress did pass such a law, and in the Baird case the Supreme Court held it to be unconstitutional.

Mr. OWEN. If Congress does make a mistake, when it is brought to the attention of Congress properly it will always be corrected.

Mr. KELLOGG. I can show the Senator dozens of acts in which Congress has sought to take away the rights of citizens guaranteed to them under the Bill of Rights, which took centuries to establish, which the courts have declared unconstitutional.

Mr. OWEN. The Senator can find, if he will take the trouble, unnumbered cases—they are of daily occurrence in this body—where the Congress of the United States is giving relief to one citizen after another whenever he comes here and shows he has a case.

Mr. SHIELDS. Mr. President——

Mr. OWEN. I yield to the Senator.

Mr. SHIELDS. In line with the suggestions made by the Senators who have just taken their seats, when Congress passed a law invading the reserved powers of the States, and providing for an equality of the races, in fact, putting the negroes, who were formerly slaves, over their former masters throughout 11 States in the Union, did not the Supreme Court do right in holding it unconstitutional and void, and did it not have the power to do it?

Mr. OWEN. Yes; I think it did right, and I think Congress did wrong at the end of the war in passing such an act, I will answer the Senator. He need not think he has made a conclusive argument by his question.

Mr. SHIELDS. I expected the Senator to give an answer.

Mr. OWEN. I will answer the question. It is true that at the end of the Civil War, when men's passions had risen to a point where reason became blind, such legislation was passed. It was an error on the part of Congress.

Mr. SHIELDS. Then, if it had not been for the power of the Supreme Court, what would have happened?

Mr. OWEN. Wait until I finish. It was a mistake by Congress; but I will say to the Senator, and also to the Senator from Minnesota, and to others who have raised this point, that while Congress may make a mistake, if Congress makes a mistake, the people of this country can correct it at the ballot box; but they can not correct a mistake made by the Supreme Court appointed for life, upon which there is no review. I will say more to the Senator, that while Congress may make a mistake, the probability of 500 men, on their oaths of office, making a mistake is less likely than a smaller number making a mistake, and as between the two I prefer to have the power exercised by the representatives chosen by the people of this country at the ballot box, responsible to the people, and not put that power in the hands of those who are not responsible to the people.

Mr. SHIELDS. Then, Mr. President, while Congress is thinking over its mistake, and repealing it, in the meantime the man would be hung.

Mr. OWEN. That remark is more witty than wise.

Mr. President, I have finished what I had to say, and it goes into the RECORD. If those Senators who are not here are interested in it, they will find the quotations from the Supreme Court of the United States itself justifying what I have said. It is for them to determine upon the wisdom of the policy which I have suggested.

REPORTS OF DISTRICT PUBLIC UTILITY COMPANIES (S. DOC. NO. 303).

Mr. BALL. I ask unanimous consent to have printed as a public document the reports for the year ending December 31, 1922, of all public utility companies in the District of Columbia.

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). Is there any objection? The Chair hears none, and it is so ordered.

REORGANIZATION OF EXECUTIVE DEPARTMENTS.

Mr. SMOOT. Mr. President, I ask unanimous consent to report back favorably without amendment from the Committee on Appropriations the joint resolution (S. J. Res. 282) to amend the resolution of December 29, 1920, entitled "Joint resolution

to create a joint committee on reorganization of the administrative branch of the Government." I will simply say to the Senate that it provides for the extension of time until July 1, 1924. The Senator from Mississippi [Mr. HARRISON] is a member of the commission, and I think he will join me in asking unanimous consent for its immediate consideration.

Mr. HARRISON. I think the joint resolution should be passed. The time has expired, and only yesterday, I believe it was, was the preliminary report which had been prepared by Mr. Brown, at the instance of the executive department, submitted to the joint commission. The joint commission has not had time to consider any of the problems involved. It is quite an ambitious scheme, and it would seem to me that the time should be extended and that there should be no opposition at all to the extension.

Mr. JONES of Washington. With the understanding that it will involve no discussion, I have no objection.

Mr. OWEN. I would like to ask whether or not the report has been printed as a document? I noticed it in the CONGRESSIONAL RECORD, but in such fine print it was difficult to read.

Mr. SMOOT. We are going to have a larger print of it.

Mr. OWEN. Will it be printed in larger type?

Mr. SMOOT. It will be.

Mr. OWEN. I think it ought to be printed so as to be easily legible.

Mr. SMOOT. I will say to the Senator that we have that in mind, and it will be done. It will be printed on sheets about the size of those I presented to the Senate on yesterday, so that any person even without glasses will be able to read it.

Mr. OWEN. Will there be some memorandum explaining the reasons for the adjustments which have been suggested?

Mr. SMOOT. Not until the joint commission meets to discuss the matter. Then we shall make a report upon it.

Mr. OWEN. I read it with great interest in the RECORD, but, as I said, it was in such small type it was difficult to read.

There being no objection, the joint resolution was considered as in Committee of the Whole, and it was read, as follows:

Resolved, etc., That section 3 of the resolution of December 29, 1920, entitled "Joint resolution to create a joint committee on the reorganization of the administrative branch of the Government," is amended by striking out the the words "the second Monday in December, 1922," and inserting in lieu thereof "July 1, 1924."

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

AGRICULTURAL DEPARTMENT APPROPRIATIONS—CONFERENCE REPORT.

Mr. MCNARY. Mr. President, I submit a conference report on the Agricultural appropriation bill and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The report will be read.

The Assistant Secretary read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate numbered 33 to the bill (H. R. 13481) "making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1924, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

Amendment numbered 33: That the Senate recede from its disagreement to the amendment of the House to the amendment of the Senate numbered 33, and agree to the same.

CHAS. L. MCNARY,
W. L. JONES,
LEE S. OVERMAN,
E. D. SMITH,
Managers on the part of the Senate.

SYDNEY ANDERSON,
WALTER W. MAGEE,
EDWARD H. WASON,
J. P. BUCHANAN,
GORDON LEE,
Managers on the part of the House.

Mr. HARRISON. I merely wish to inquire, in reference to the conference report, what items it covers?

Mr. MCNARY. Mr. President, the amendment covered by the report relates to the construction of roads in national forests. The Senate refused to concur in the amendment of the House to the amendment of the Senate and sent it back to the committee of conference with instructions that the Senate conferees should insist upon the Senate amendment. The bill, as it passed the House of Representatives, carried an item of $6,500,000 for that purpose, $3,000,000 only being made immediately available. Upon the motion of the Senator from Arizona [Mr. CAMERON] the whole amount, namely, $6,500,000, was made immediately available. The conferees met, but the House conferees refused to yield to the demand of the Senate conferees, and so the Senate conferees finally yielded to the House, there being simply some modification and some improvement of the language of the item. I now ask that the Senate adopt the House provision as to the one particular item.

Mr. HARRISON. Mr. President, I understand, then, there is just one matter that is in disagreement. I see that the junior Senator from Arizona [Mr. CAMERON] is in the Chamber. The senior Senator from Arizona [Mr. ASHURST] is not now present. He has temporarily gone into the cloakroom; but it would seem to me that perhaps he ought to be here before this report is adopted.

Mr. MCNARY. If the senior Senator from Arizona desires to be present, upon the request of the Senator from Mississippi I shall withhold the request that action be taken on the report at this time. I will state to the Senator from Mississippi that I shall call up the report again, if I may have an opportunity of securing the floor, when the Senator returns to the Chamber.

The PRESIDING OFFICER. The report will lie over for the present.

Mr. MCNARY subsequently said: Mr. President, I call up the conference report on the Agricultural appropriation bill for the fiscal year 1924.

The VICE PRESIDENT. The conference report has been submitted and read. The question is on agreeing to the conference report.

Mr. CAMERON. Mr. President, reserving the right to object, I wish to say that I feel that the agreement between the conferees on the part of the Senate and the House has so modified amendment numbered 33 that while it does not quite meet with my approval and does not give us the $6,500,000 to which we are justly entitled, yet on account of the lateness in the session I do not feel that I should object to the adoption of the report at this time. I believe that a proviso has been put in by the House which will safeguard our interests and give the Forest Service the necessary leeway whereby they can expend the full amount—$6,500,000. Therefore I shall not object to the adoption of the report, but I wish to read the proviso so that it will appear in the RECORD at this point:

Provided further, That the Secretary of Agriculture may incur obligations, approve projects, or enter into contracts under his apportionment and prorating of this authorization, and his action in so doing shall be deemed a contractual obligation of the Federal Government for the payment of the cost thereof: *Provided further,* That the appropriations heretofore, herein, and hereafter made for the purpose of carrying out the provisions of section 8 of the act of July 11, 1916, and of section 23 of the Federal highway act of November 9, 1921, and acts amendatory thereof and supplemental thereto, shall be considered available for the purpose of discharging the obligations created hereunder in any State or Territory: *Provided further,* That the total expenditures on account of any State or Territory shall at no time exceed its authorized apportionment.

I think that will cover the question and give the Forest Service the necessary authority in order to utilize the appropriation of $6,500,000.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

PROHIBITION ENFORCEMENT AND THE CIVIL SERVICE.

Mr. SHIELDS. Mr. President, there is a bill upon the calendar of the Senate—No. 927, S. 3247—entitled "A bill to transfer to the classified service agents and inspectors in the field service, including prohibition agents and field inspectors appointed and employed pursuant to the national prohibition act, and for other purposes," which I believe concerns legislation of great importance and ought to be enacted into law as soon as possible. The present session will soon be at an end, and this matter should be attended to next Monday when the calendar for bills unobjected to will be called. Under the five-minute rule I will not then have time to present the merits of the bill, and I am availing myself of this opportunity to do so that I may challenge the attention of the Senate to the importance of the immediate consideration and favorable action upon the measure. The public interest and the proper and efficient enforcement of the Federal prohibition laws require that the agents and employees engaged in this service should be placed under the civil service law and subject to its provisions and regulations. These employees were by section 38 of the Volstead law expressly excepted from the civil service law because that was claimed to be a war or emergency act, but with the understanding and expectation, as I am informed, that after the eighteenth amendment to the Constitution, known as the prohibition amendment, should become effective, they would be covered into the classified service as other employees of the Federal Government, but in the supplemental Volstead law

thereafter passed it was not done and they yet remain open to political influences under the demoralizing spoils system.

The propriety, if not necessity, of placing these employees under the civil service law is recognized by the public, and especially by the good men and women throughout the country who favored prohibition as a great moral and economic reform and wish to see the laws for its enforcement executed justly and efficiently and in a manner to obtain and maintain the respect of the people. These men and women favored and worked for prohibition because they believed that it would advance the material interest and promote the prosperity of the people and remove a great cause of distress, suffering, depravity, and crime, without pay or compensation for their time and services. The necessity of placing these employees under the civil service law has been called to my attention by a number of these faithful workers, and I have been asked to urge upon Congress proper legislation for that purpose. Some time since I received a letter upon the subject from the president of the Tennessee Woman's Christian Temperance Union, Mrs. Minnie Alison Welch, of Sparta, Tenn., one of the ablest and most devoted women of my State, which so well states the merits and the public interest for this legislation that I can not do better than read it:

Hon. JOHN K. SHIELDS,
Washington, D. C.

MY DEAR SIR: We notice that Senator STERLING'S civil service bill (S. 3247) has been reported favorably to the Senate. We believe that this is the best remedy we can procure for the enforcement of the eighteenth amendment and Volstead law. While it may not eliminate all the bad elements that have gotten in, time will eliminate them, and this bill will afford us a better opportunity for getting more efficient prohibition agents.

We are hoping that you will see fit to use your influence and vote for this bill. The public welfare demands it and white-ribboned women of our State and many other good women are hoping that you will stand for the measure.

Thanking you for your interest in the same for prohibition, I beg to remain,

Cordially yours, MINNIE ALISON WELCH,
State President.

I wrote Mrs. Welch that I would examine the Sterling bill and if I believed that its provisions would secure better officers and more efficient enforcement of the laws enacted by Congress for the enforcement of the eighteenth amendment, prohibiting the manufacture, importation, and sale of intoxicating beverages, I would support it, as I favored the enforcement of those laws in good faith and efficiently, like all other laws, as I had always been for order and law enforcement.

I conferred with Senator STERLING in regard to his bill and urged him to bring it forward as soon as practicable. I found him deeply interested in the matter and ready to procure action at as early a date as possible. Senator STERLING introduced a bill on April 25, 1921, to place these employees under the civil service law. It was referred to the Committee on Civil Service and Reform. Afterwards, on March 7, 1922, he introduced another bill, which was also referred to the same committee and favorably reported to the Senate December 13, 1922, and is the one now upon the calendar. I will refer to the provisions of these bills later. I understand a bill having the same object was introduced more than a year ago in the House of Representatives, but that so far the committee to which it was referred has made no report upon it. I have no personal knowledge of why this great delay in consideration of these bills has occurred.

I understand that there are 1,800 Federal agents and employees engaged in the prohibition service, a greater number than in any other branch of the service not covered under the civil service law. A few days ago I read in a Washington paper a statement which speaks for itself, and as I know nothing in regard to the matter I will read it:

RAPS DRY APPOINTEES—ANTI-SALOON LEAGUE BLOCKS CIVIL SERVICE FOR AGENTS, CHARGE.

The Anti-Saloon League bought the Volstead Act with congressional patronage, and therefore is opposing application of the civil-service rules to prohibition-enforcement service, W. D. Foulke, National Civic Advice League vice president, charges in a letter he is sending to S. E. Nicholson, Anti-Saloon League secretary.

The Federal prohibition service now is corrupted by officials appointed under the spoils system, he said.

I have seen no denial of this serious charge. I have also been informed that charges of a similar character as those contained in this news item have been made to Members of Congress by Mr. Foulke, but of these I have no personal knowledge.

The large number of these employees and the great delay in placing them under the civil-service regulations compels everyone interested in the subject to believe that there is some improper reason for the delay of this legislation. The Republican Party, now in power, and the Democratic Party are both pledged to the maintenance and enforcement of civil service and the application of the civil service laws to all employees of the Government, and this delay is in direct violation of those pledges.

Mr. President, there is no class of Federal employees which the public interest demands should be under the classified service than those whose duty it is to enforce the prohibition laws. They come closer to the people, their persons, their effects, and their homes than any other class of employees. They perform duties which bear directly upon a great change in the habits, usages, and customs of the people in their private life resulting from the enactment of the Volstead law and which closely and intimately affect the great and sacred rights of personal liberty, private property, and the sanctity of home. None but the best, most intelligent, and law-abiding men should be intrusted with such duties. Every precaution for the protection of the people from oppression and maltreatment should be taken and go hand in hand with proper measures for the efficient and just enforcement of these laws. We know by common report that when the Volstead law was passed that there was appointed some prohibition officers in perhaps every State who misconstrued their power and duties and enforced the law in an oppressive, rude, and offensive way, without search warrants or evidence that would justify the issuance of a search warrant, searching the persons of men and even of women and of the effects and houses of the people, and assaulting them on the highways in a most outrageous manner. Some of them have been charged with accepting bribes from bootleggers, brutal assault and murder, and some of them indicted for these offenses, but I know nothing of the facts and will not attempt to state them. Generally speaking, these practices have been abandoned and forbidden, but occasionally we still hear of cases of this kind. There is no question but what the conduct of these officers aroused opposition to the enforcement of the law and generated disrespect for it which otherwise would not have existed. Proper examination by the Civil Service Commission of applicants for this service and an ascertainment of their character, their intelligence and prudence, as well as of their efficiency and courage, will be of inestimable benefit and protection to the people in their dearest rights as well as contribute to the thorough and efficient enforcement of the law.

Mr. President, the bill introduced by Senator STERLING April 28, 1921, which is entitled "A bill providing for the placing of Government employees engaged in the enforcement of national prohibition under the civil service," I think better than the one subsequently introduced by him and now on the calendar. This bill (S. 1376) provides that the agents and employees for the enforcement of Federal prohibition shall be appointed under the civil service law and that within three months from the passage of the act the then incumbents of all those positions shall be subject to the competitive requirements of the law and required to successfully pass open competitive examinations in order to retain their positions. The bill reported to the Senate places the positions of these agents and employees under the civil service law and bodily covers all the present incumbents into the civil service without examinations of any kind; and under it the present employees and agents, whether good or bad, or efficient, will remain in office for years, certainly until there is another administration in power. The provisions of this bill, I must say, gives color to the charge that the delay in placing the prohibition employees in the classified service is due to political machinations; and bodily transferring of those now in office is clearly intended to protect political appointees, without regard to good and efficient service and the rights of the public. When we reach this bill upon the calendar I shall offer the one first introduced by Senator STERLING as a substitute and urge its passage, because it will provide for better service both in the interest of the people and the Government.

Mr. President, I ask, without reading, that the two bills referred to be printed in the RECORD as an appendix to my remarks.

The PRESIDING OFFICER (Mr. LENROOT in the chair). Without objection, it is so ordered.

Mr. SHIELDS. Mr. President, that the Federal Government is meeting with considerable difficulty in enforcing the laws enacted by Congress for the execution of the prohibition amendment can not be denied. The President of the United States recently called together the governors of the States and asked their aid and cooperation in suppressing the manufacture and sale of intoxicating liquors for beverage purposes. When the Chief Executive hangs out a signal of distress of this kind we must know the situation is real and serious. The Congress has made a special appropriation of the enormous sum of $9,000,000 to defray the expenses of this special law, in addition to the general appropriation for the Department of Justice having

charge of enforcing the criminal laws of the Federal Government. I know of no other law which has called for such special treatment and the expenditure of so great a sum of money in its enforcement. The press of the country teems with accounts of bootleggers and the activities of the officers of the law in pursuing and arresting them, and in some States the dockets of the United States district courts are congested with prosecutions against them. These facts can not be denied and they must be dealt with practically and honestly. The cause or causes creating these conditions must be ascertained and examined and removed, which I think can be done. While it may take some time, yet I have confidence in the supremacy of the Government, the ability and integrity of the courts, and the efficiency of law officers. If we find that a law made to enforce the Constitution of our country is not effective, it should be amended, but we should never run up the white flag or surrender to lawlessness. Every provision of our Constitution must and shall be enforced reasonably and justly and consistent with every other provision of that great instrument.

I wish to discuss briefly some of the causes which, I think, have brought about and encouraged this lawlessness and the disrespect which it must be conceded exists for the Federal laws for the enforcement of the eighteenth amendment and many of the officers and employees engaged in that service.

Mr. President, the eighteenth amendment to our Constitution, ratified by the States January 28, 1919, ordained that after one year from the ratification of that article the manufacture, importation, transportation, or sale of intoxicating liquors within the United States and all territories subject to the jurisdiction thereof, for beverage purposes, be prohibited.

The amendment confers the only power Congress has to legislate upon this subject and was and is confined to the time and purposes in the amendment specially stated and set forth. It is not, like many other constitutional provisions, self-executing, and it was the duty of the Congress to pass laws for the proper enforcement of it.

When the amendment was proposed it seemed to meet with the approbation of a majority of the people of the United States, and it was promptly ratified by the States. Public sentiment favored it. It was the result of long and patient labor and education of the churches of all denominations and such philanthropic and beneficent organizations as the Anti-Saloon League, the Young Men's Christian Association, the Women's Christian Temperance Union and others, and of the Federal and State Governments, the great railway and other corporations employing thousands of men and women and the manufacturers and other business men, demanding for the protection of the public and their own interest that their employees be sober and free from the vice of drunkenness. All these influences, religious, moral, and business, combined in demanding sobriety, temperance, industry, and efficiency, and their united efforts were irresistible and resulted in the eighteenth amendment.

I do not controvert the fact that there was a respectable minority of the people opposed to the amendment and that there are some who are still opposed to it and would have it abrogated, but abrogation is a vain hope and their efforts will not succeed. The amendment is in the Constitution, a part of our supreme law, supported by the expressed will of a majority of the people of the United States, and it is there to remain permanently. I voted for the amendment, and I can conceive of no conditions under which I would vote for its abrogation.

The trouble the Federal Government has in enforcing prohibition, in my opinion, is not opposition of the people to the amendment, but to the laws enacted by Congress for its enforcement, known as the Volstead law—original and supplemental—and the influences and circumstances under which they were enacted and which attend their execution.

Although the amendment, which for the first time conferred upon Congress the power of controlling the manufacture and sale of intoxicating liquors for beverage purposes, provided on its face that it should not be effective for one year from its ratification by the States, within that year overzealous persons, not willing to abide by the provisions of the constitutional amendment they had aided to make a part of the fundamental law of the land, before the expiration of that year pressed through Congress the original Volstead law, precipitating prohibition suddenly and prematurely upon the country. The time when the amendment should take effect was deferred to allow the people to prepare themselves to conform to the great change made in their habits, and to permit those who had been theretofore engaged in the manufacture and sale of intoxicating liquors for beverage purposes legitimately and under the protection of Federal laws to arrange their business so that as little loss as possible might fall upon them and those to whom they were indebted, a practice that had been pursued in the prohibition laws in practically all the States and which was deemed reasonable and just.

This provision was disregarded, a law was passed before the expiration of the year allowed, and before the amendment became effective, under the pretense that it was a war measure and came within the extraordinary war powers of Congress, although the armistice had been signed nearly a year before and our Army, with the exception of a few thousand men, had been demobilized and peace reigned throughout the land. What troops we did have were in cantonments, protected from the use of intoxicating liquors by the State laws and an act of Congress prohibiting the sale of such liquors within 10 miles of any cantonment, shipyard, or other Government agency. The people realized that the law was passed upon a fraudulent pretense, discrediting the great moral cause it proposed to aid, and resented the action of Congress. These were my views, and I voted against that law for these reasons and as well as on account of some of its drastic and confusing provisions, in part not authorized by the prohibition amendment. President Wilson vetoed it, and I again voted to sustain his veto, but the Congress passed it over the President's objections.

After the constitutional amendment became effective what is known as the Volstead supplemental law was enacted. I voted against this also, because what was known as the Stanley amendment, to protect the persons, their effects, papers, and houses, as provided by the fourth amendment of the Constitution, against unreasonable searches, was not allowed as offered and the modified form in which it was passed is insufficient to give such protection. I regret the notes of my speech in the Senate in favor of that amendment were mislaid and the speech failed to reach the RECORD.

The original Volstead Act covers some 20 pages of closely printed matter and the regulations made for its enforcement by the Federal prohibition commissioner, and having the effect of law, some 55 pages; the supplemental law, I think, covers about 4 pages; thus what is known as the Volstead law is a voluminous document containing some 80 printed pages of innumerable provisions and exceptions, so involved and confusing that the courts and the lawyers have difficulty in interpreting its meaning and making it impossible of understanding by the people upon whom it is intended to operate.

Mr. President, it was human nature for the people of this country, many of whom had always favored prohibition laws, and even teetotalers, to revolt against such sudden and drastic legislation, interfering with things that they had previously exercised the right to determine for themselves, and their habits, appetites, usages, and customs. The enforcement of the amendment was not handled diplomatically and judiciously and in such manner as to commend it to the people, afford it the cordial reception that a reform measure should have, and to win and retain public respect.

Mr. President, it is impossible arbitrarily to legislate morality or religion into men and women, especially those of a free and independent people like Americans. You can not change the habits, the passions, of men overnight by man-made law. It has been tried in all ages, and while in some instances outward conformance has been achieved, yet inwardly there was no change in those sought to be controlled. God alone can effect such changes in man. It must be done by patient labor, education, example, and appeals to the higher and nobler impulses of men and women, their love of humanity and justice, their patriotism, and, finally, by their love and fear of their God. Bishop Woodstock, in a splendid address delivered some weeks ago, spoke upon this subject as follows:

> The consciousness of the need of God carries with it the craving for moral and spiritual freedom; for the world is becoming weary of reform and irritated by regulation, while it longs for choice, self-expression, and self-determination. We can not regulate a world spiritually nor reform it morally by law and compulsion. What the world now most sorely needs is not reformers but spiritual leaders, not regulation but moral and spiritual redemption. This redemption never has been promoted on a political basis only. It must be supported on a higher basis to give it motive and inspiration. Men may restrict the liberty of others by regulation and reform, but it always falls short. Unrestricted regulation and reform may go so far as to say that the State makes the conscience, and therefore the State can do no wrong. It took a harrowing war to explode this political heresy. We hold that God gave and guides the conscience, and that the conscience makes the nation. The one would make the sword the defense of civilization; the other would make the cross its redemption and the conscience its guide. The first is the "last struggle of a belated feudalism," the second is the conscious need of God in the glorious liberty of the sons of God.

I also have an editorial from the Journal and Tribune, a daily paper published in my State, written by its able and venerable editor, who has for 50 years fought the cause of prohibition in Tennessee and aided much to crown that struggle with splendid success both in the law enacted by the general assembly of the State and its enforcement by the constituted authorities entrusted with its administration, suggested by a

statement in the inaugural address of Gov. Austin Peay, the present distinguished executive of my State, which I will read:

THE PURPOSE OF MAN-MADE LAWS.

In his inaugural address delivered Tuesday, Governor Peay, addressing the membership of the State general assembly, gave utterance to these sentences:

"I beg its membership to studiously refrain from the consideration of moral, social, temperance, or other legislation of distracting character until the ways and means have been found and effected to restore sound and orderly government in this State. The statute books are now filled with laws on those subjects which are not being enforced, and merely to impose penalties in acts which juries will not impose in practice is to waste time and lower the lawmaking authority in public estimation."

Whether or not the lack of law enforcement is due to the lack of will or efficiency of the courts and those who serve on juries, it is not our purpose here and now in this connection to stop and inquire; that is left to the intelligent reader to settle for himself or for herself.

But there is one thing that has been said in these columns time and again, and is here repeated. It is an impossibility to make a bad man good by statute; the man-made law may make one appear good on the outside, while in fact he is a fair imitation of the "whited sepulcher."

It never was intended that in the matter of individual morality the State should take the place of the church. If the church stands in need of any protection in the performance of its duties, that it must have, it is provided for in a statute that makes it a misdemeanor for anyone to disturb public worship. We fail in recalling a single case in which that statute has been violated the offender escaping the penalties fixed.

Looking at the situation from that viewpoint, Governor Peay is not open to adverse criticism in asking the legislature to refrain from the making of new laws, making people righteous by statute, and turning its attention to the making of fewer offices, taxing the people for the payment of salaries that are of benefit only to those who are the occupants of offices created for their special benefit and as rewards for political services rendered, to be continued in the next political campaign.

The principles, so well stated in these utterances, fully support the views I have advanced about man-made laws, concerning moral conduct and religious beliefs of men, and, to my mind, are incontrovertible. They illustrate and account for the troubles the Federal Government is now having in enforcing the Volstead law. The discontent and resentment from these causes will disappear with the lapse of time and are already much abated.

Mr. President, it was unfortunate, in view of the manner in which the Volstead law was precipitated upon the country with such unseemly haste, that the agents and employees appointed to execute it were excepted from the civil service, and their offices became the prey of political patronage. It was unfortunate that too many of these appointees could not grasp the delicate duties intrusted to them and proceeded to enforce the law in many cases rudely, oppressively, and unlawfully, thus increasing the discontent and resentment of the people. How much better it would have been had these employees been subjected to a civil-service examination and none but proper men appointed. There would have been less antagonism to the law and a more efficient execution of it. This can all now be remedied by placing these agents and employees under the civil service law.

Mr. President, another cause of the difficulty in the successful enforcement of the Volstead law is the resentment of the people growing out of the arrogant and insolent assumption of certain parties, and especially some here in Washington, implied from utterances and actions, that they placed in the Constitution the eighteenth amendment and enacted the laws for its execution and that they are now enforcing it. They assume a personal proprietorship of all these measures and their execution to the exclusion of the Government and the people. These men got into the limelight as the officers, agents, and lobbyists of the Anti-Saloon League; and, although the prohibition amendment has become an accomplished fact and the laws to enforce it have been enacted, they are unwilling to forego the pleasures of prominence on the front pages of papers, the exercise of the power of that organization, and, above all things, to relinquish the salaries upon which they have fattened for so long a time. They assume that they are prohibition, and attempt to usurp the functions of the constituted authorities, duly elected and responsible to the people, in enacting laws and appointing officers to execute them; and they are in this way doing the organization, composed of good men and women, which they are misrepresenting, a great injury.

Mr. Wayne B. Wheeler, who, I understand, has been on a salary paid by the Anti-Saloon League since his early manhood, now poses as its general counsel and legislative agent, his duties and activities being chiefly that of a lobbyist here in Washington, is perhaps the most arrogant of these men. His pretentions to the control of the Congress of the United States are unprecedented, so far as I am informed, in the history of the Government. Mr. Wheeler and others with him have not hesitated to interfere in the election of Senators and Representatives in Congress and denounce them and attempt to defeat their election when they fail to be governed by their dictation.

They denounce judges, district attorneys, and other officers whose duty it is to administer and enforce the laws of the country, and they interfere constantly in the appointment of all Federal officers, attempting to establish and enforce as the first qualification of such officers that they support such legislation and measures as to them, in their limited and narrow vision, may seem proper. Give them their way and prohibition framed and administered according to their dictation would become the sole provision of our Constitution and the sole object of the Federal Government and its administration, a condition inconceivable, disastrous to the people, and intolerable.

Some time ago my attention was called to a circular, broadcasted by the field superintendent of the league in Tennessee, a man who had recently been imported from a distant State, soliciting contributions for the support—that is, payment of salaries of local and national agents, containing brazen statements of the activities of Mr. Wheeler in these words:

A number of Congressmen who hold the balance of power and pile up majorities in Congress come from the Southern and Western States, where money for organization and educational purposes is scarce. They have always had to have help from the national league. * * *

In addition to the above, the amount from Tennessee for the national league helps to provide for the maintenance of the entire national organization. It also helps to provide for the maintenance of our national office at Washington, D. C., under the very successful management of Hon. Wayne B. Wheeler, one of the greatest diplomats and attorneys in America.

And again:

From this office—that of Mr. Wheeler—needed legislation is initiated, a constant watch is kept on the actions of Congress, and when opposition appears danger signals are flashed to every State in the Union.

The success or failure of national enforcement depends upon the power of our national organization and its Washington headquarters, backed by the States, to defeat the nomination and appointment of enforcement officials, such as United States district attorneys, Federal enforcement officers, and agents, United States district judges, and many other applicants for office who are out of sympathy with the enforcement of prohibition. Every State logically must carry its proportionate burden of this expense.

There was a meeting recently connected with prohibition enforcement in the city of New Orleans, at which were present Mr. Roy Haynes, Federal prohibition commissioner, Mr. Wayne B. Wheeler, and Dr. Purley A. Baker, who also holds a position with the Anti-Saloon League, in which the two latter made assaults upon the courts of the country and the Congress. Whether this meeting was called by Mr. Haynes and attended by the other gentlemen, or whether it was the meeting of Mr. Wheeler and Doctor Baker and Mr. Haynes attended it, I do not know, but certain it is that Mr. Haynes was present, and listened to these assaults upon the judicial and the legislative branches of the Government, he being a part of the executive branch, without objection and without dissent. What I shall read appeared in the New Orleans papers and has heretofore been placed in the CONGRESSIONAL RECORD, December 12, 1922, by Senator BROUSSARD, of Louisiana. I read from the RECORD:

I want to reiterate what I said Sunday, said Dr. Purley A. Baker, general superintendent of the Anti-Saloon League of America, at the opening of the second day of the law-enforcement conference at the Grunewald Hotel, Monday. Twenty per cent of the Nation's Federal judges ought to be in the penitentiary at hard labor or impeached. * * *

"These scoundrels who sit on the bench, and I use the term advisedly," said Doctor Baker, referring to the 20 per cent of the Federal judges who he said were obstructing enforcement of the prohibition law, "are drunkards themselves. I hold them responsible for the shooting down of 300 splendid law-enforcement officers during the last year."

Mr. Wayne B. Wheeler is reported as making at the same meeting these misleading and outrageous statements:

The average prohibition agent is patriotic and loyal, and the percentage of prohibition agents slain on duty is higher than the percentage of soldiers of the American Army slain during the World War. It is a shame that when these honored and hard-working men are shot down Federal judges often condone with the bootleggers instead of going after them.

* * * * * * *

We have no fear of Congress nullifying the dry legislation. The Anti-Saloon League controls Congress.

A folder, purporting to have been prepared by a man who styles himself "general secretary board of temperance, prohibition, and public morals, Methodist Episcopal Church," and a citizen of the State of Oregon, contains the statements I now read:

PUT ONLY DRYS ON GUARD.

There is another forward step which should be taken. One of the greatest hindrances under which prohibition now operates is that our enforcement officers in given States receive their appointments through the recommendation of United States Senators, and some of them without conscience or care have succeeded in filling the enforcement staff with men who are wet in their views, proliquor in their sympathies, and actually antagonistic to the eighteenth amendment. There must be a sentiment created that will stamp out this treason and will make a United States Senator who deliberately secures the appointment of a United States judge, United States district attorney, or a Federal en-

forcement officer who is against the law he is sworn to enforce feel the wrath of the whole people for his betrayal of a sacred trust in thus thwarting the will of the Nation and making easy the violation of its law.

There is another leaf to turn in this volume of enforcement experience. The records will show that 135 Government representatives—officers of the enforcement service—have lost their lives as our representatives trying to have our laws respected. They have been shot down in cold blood, have been run over with high-powered cars, have been burned to death by high-voltage wires set as traps for them, have been poisoned, and every method of devilish ingenuity has been devised to destroy the representatives of this Government who enforce prohibition.

When we have sent our men up against this combination we have handicapped them with advices that they shall not shoot or do bodily injury except as a very last resort, and when as a last resort they have in a few instances fired on men resisting arrest and seeking to do them injury, these Federal officers have actually been put on trial for murder in the first degree, and the prosecuting attorneys—perjured scoundrels—who were sworn to give aid to the Government's agents but were champions of the bootleggers, have tried their best to railroad Federal officers to the gallows or to the State prisons for merely enforcing the prohibition law exactly as other officers are enforcing other laws.

Out in my State, Oregon, the prosecuting attorney who made himself infamous by thus prosecuting a Federal prohibition officer was rewarded by the pusillanimous governor with a position on the circuit bench of his State. I should, for the honor of my State, say that the people of the State attended to the governor's case on the 7th of November last.

Think of the character of the man who would impugn the motives and malign the officers of his State without justification of any kind, as I am credibly informed, and thus misrepresent the great church he claims to speak for.

The Anti-Saloon League in New York is a corporation, and its officers are subject to the laws regulating corporations in that State. A man by the name of W. H. Anderson was imported from another State and made superintendent of the league, with a salary of $7,500. His conduct has been marked by violent and vicious assaults upon the governor and members of the general assembly, the United States Senators, judges, and other officers of that State, charging them with all sorts of offenses, calculated, if not intended, to shock confidence in them and destroy their efficiency as the duly elected representatives of the people. This self-constituted guardian of morals and of law and order in that great State has recently been investigated by the district attorney of New York, and, among other things, facts have been developed which tend to show that he obtained from the corporation $24,700 for his own use, claimed by him to have been expended for the benefit of the league, but for which he produced no vouchers and made no statement of how the money was expended or to whom it was paid, or even where he obtained the money for such purposes. When called upon by the district attorney for a statement, he first offered to make full disclosure, and afterwards employed counsel, under whose advice he refused to give any information and claimed immunity under the statute of limitations.

Mr. President, these arrogant and intolerant men do not hesitate to assault and criticize the highest and the lowest Government officials of the executive, legislative, and judicial departments of the Government when in the discharge of their duties they do not conform to their individual views of constitutional or statutory law. They attack judges for exercising their judicial powers and discretion without knowing the facts upon which their judgments are pronounced. They hold over these officers implied threats of political defeat if they do not yield to their dictation or criticize them for unwarranted interference in governmental matters. When the Senate was considering what is known as the judges' bill, providing for the creation of some 24 Federal judges last year, if I can be allowed to refer to a personal matter, I had occasion to criticize Mr. Wheeler for officious and pestiferous interference in that legislation, and the field secretary to whom I have referred as a recent importation into Tennessee I am informed in a published statement unscrupulously and untruthfully charged that I was opposed to all law enforcement, notwithstanding that as a lawyer and as a judge I had always advocated and aided law and order and the enforcement of all the laws of the land in a just and reasonable manner, a record known to all the people of the State and of which he must have been informed—evidently because of my proper criticism of Mr. Wheeler.

When the time comes when I must abdicate the functions of the high office of United States Senator to any man, associations of men, or corporate interests and be governed by their dictation, I will no longer deserve to hold that high office. I have always conformed my views to the caucus determinations and platform pronouncements of my party, not involving constitutional questions, and have kept faith with my campaign pledges, but in all other things I have been, and will continue so long as I am here to be, governed by my best and conscientious judgment of my duty as God has given me the light to see the right, without considering what effect such action will have upon my political fortunes. I certainly will not submit to the dictation of those who claim to control the Congress, and their misrepresentations and forecasted opposition have no terrors for me.

Mr. President, it is currently reported that all applicants for the office of prohibition director and other agents of that service must be approved by these men, and that the indorsement of the Senators and Representatives of the States where they are to be appointed and in accord with the administration are worthless without such approval. The limit was reached, I think, when recently the President had under consideration the promotion of a United States district judge of my State, a man above reproach in his private and official conduct, to be a justice of the Supreme Court of the United States, Mr. Wheeler, who was supporting another applicant for the place, insinuated things against him in a conversation with the President which he afterwards withdrew as unfounded, doubtless because he knew the President did not believe what he said, as well as because there was no truth in what he had said, and proceeded to compliment the distinguished jurist.

And yet these gentlemen talk about law enforcement when they are assaulting and making statements, without evidence and without facts to support them, against the courts of the country and the officers of the law, which will shock the confidence of the people in the judiciary of the country, the very citadels of good government and law enforcement and bring them into disrepute. I have never believed that a good citizen would be guilty of such conduct and have always considered it lawlessness of the worst character. The courts of the country are the sanctuaries of the law and the bulwark of the personal, civil, and property rights of the people, and no good and patriotic citizen will be guilty of conduct which tends to weaken and destroy them.

When judges and other officers are corrupt and fail to discharge their duties they can and should be proceeded against and removed from office by methods provided by law, and all good citizens who have just grounds of complaint will proceed in that manner.

Mr. President, the prohibition amendment and the Volstead law are laws of the Government of the United States and of the people of the United States. They are not the laws of any faction or of any organization. They must be recognized as the laws of the land, duly enacted, and must be enforced by the duly elected and constituted representatives of the people. When the people fully understand this they will submit to those laws and the violation of them will cease, but the people will not submit to be governed by self-constituted lawmakers, and will always resent efforts to control them coming in such questionable and un-American shape from such men or any private source. When these men cease their officious activities a great step will be taken toward acquiescence in the prohibition laws, for the American people are a law-abiding people and are willing to submit to the laws made by the majority.

Mr. President, the prohibition amendment is a part of the Constitution, and the statutes to enforce it have been passed and are in full force now. Where is the necessity of the activities of the gentlemen I have referred to? Can not the President, the Congress, and the courts of the United States, duly elected, appointed, and sworn, be trusted to execute the laws? Are they less trustworthy and competent than those gentlemen, self-constituted lawmakers and enforcement officers, unsworn and without the color of authority from the people?

Mr. TRAMMELL. Mr. President——

Mr. SHIELDS. I yield to the Senator from Florida.

Mr. TRAMMELL. Does not the Senator think also that when he proposes to get rid of those to whom he refers and when he is working in the interest of bringing about better enforcement, that he would also do something toward the accomplishment of that end if he got rid of the organizations and individuals who have helped to defeat law enforcement and tried to bring law enforcement into disrepute? Should not they also be gotten rid of in the interest of law enforcement?

Mr. SHIELDS. Unquestionably. If the Senator had listened to my argument, he would know that I am in favor of law enforcement. I am opposed to the bootlegger and his vicious business. The bootlegger is not against prohibition. There was no aristocracy of bootleggers until the Volstead law was passed. Under State laws they were mere pikers. While liquor was sold legitimately the bootlegger had no occupation nor did he dare to openly follow his nefarious trade under the State laws, for they were supported by the people and enforced as a rule vigorously and effectively, but now bootlegging has come to be a business, creating millionaires everywhere. I

know of no organization of the kind the Senator has referred to. I have no acquaintenances who are law violators.

Mr. President, placing the enforcement of the prohibition laws in the Treasury Department and under the direction of the prohibition commissioner was a great mistake. It is always a mistake to single out a penal law for special treatment. Law enforcement has nothing in common with the Treasury of the United States. The enforcement of all other laws is intrusted to the Department of Justice, presided over by the Attorney General of the United States and a staff of able assistant attorneys, men learned in the law and in the administration of the penal laws of our country. The law should be changed and the jurisdiction of this law along with all others be given to the Attorney General, where it can be enforced intelligently and efficiently, and without the interference of outsiders. The enormous appropriations now made for the enforcement of prohibition would not be necessary as the expenses would be much less and the people would recognize this law as that of their Government and obey it.

Mr. President, I have no sympathy or patience with some men in this country who are advising the violation of the Volstead law because, as they assert, it is not supported by public sentiment. These men are not good citizens, and their conduct is little short of criminal sedition. My attention has been called to an address delivered by President Butler, of Columbia University, upon the subject of the prohibition laws, but I have not had time to read it. I do find in looking over it here on my desk that he said in that address:

It is lawlessness openly to affront the law. It is not lawlessness to agitate for its modification or repeal.

If this is President Butler's position, he is entirely right. While no man has a right to violate law, and should not be an accomplice to its violation by advising it, the people have a right to peacefully agitate changes in the fundamental and other laws of the country and to petition Congress for that purpose, and no man can be condemned for exercising that right.

Mr. President, I recently read an address by a great man whose birthday the whole country has recently celebrated, and I was so impressed with a statement therein concerning obedience to the laws of our country that I desire to read it here. It will do every citizen good to read it and ponder and follow it:

LINCOLN'S APPEAL FOR LOYALTY TO LAW.

Let every American, every lover of liberty, every well wisher to his posterity swear by the blood of the Revolution never to violate in the least particular the laws of the country and never to tolerate their violation by others. As the patriots of '76 did to the support of the Declaration of Independence, so to the support of the Constitution and laws let every American pledge his life, his property, and his sacred honor. Let every man remember that to violate the law is to trample on the blood of his father and to tear the charter of his own and his children's liberty. Let reverence for the laws be breathed by every American mother to the lisping babe that prattles on her lap; let it be taught in schools, in seminaries, and in colleges; let it be written in primers, spelling books, and almanacs; let it be preached from the pulpit, proclaimed in the legislative halls, and enforced in courts of justice.

Mr. President, the prohibition amendment is a part of the fundamental law of our country, and the Volstead law was enacted by the Congress for its enforcement. This statute is the law of the land, and it must be obeyed so long as it remains unamended and unrepealed. The constitutional amendment, as I have said, will, in my opinion, never be abrogated. Those who are opposed to it might as well accept it and be resigned to the will of the majority of the people. The Volstead law may be amended to relieve it of some of its drastic provisions, but I know of no movement in the Congress for that purpose. The amendment chiefly agitated is to legalize the manufacture and sale of "light wines and beer." What these terms mean I do not know, as they have never been defined by those favoring them. If light wines and beer mean intoxicating liquors to be sold for beverage purposes, legislation for that purpose would be in violation of the Constitution and should not be passed. If this agitation has anything to do with the return of the saloon, the hotbed of moral and political corruption, it will fail. I would never support an amendment that would provide for these things, nor do I believe that any Congress will favor such an amendment to the present laws. I believe the Federal prohibition laws when relieved of the present hurtful influences surrounding their administration will be accepted by the people, and they can and must be enforced. We can not tolerate lawlessness of any character. The General Assembly of Tennessee some years ago passed laws for the prohibition of the manufacture and sale of intoxicating beverages, and, although there was some opposition in the beginning, in a few years they were accepted by the people and were reasonably enforced as all other penal laws of the State, and the people of Tennessee are a law-loving and law-abiding people. I regret to say that this condition has been somewhat changed since the Federal prohibition laws were passed and under the circumstances attending their administration, but I hope that soon again we will have a reign of the law.

Mr. President, while the Federal Government is having some difficulty in enforcing the Volstead law, prohibition is not a failure, as claimed by some. Abolishing the saloon and otherwise removing the facility for obtaining intoxicating liquors, and the accompanying temptation to the young men of the country and those addicted to the drinking habit, has greatly reduced the consumption of such beverages and removed widespread dissipation, poverty, distress, and criminal conduct immeasurably; and any law which has accomplished this for humanity can not be said to be a failure.

Mr. President, I have given my reasons for the difficulties the Federal Government has encountered in the enforcement of the Federal prohibition laws, not with a view of criticizing anyone but with the hope by calling attention to these causes to aid somewhat in the removal of them and bring about such condition of affairs that the people will recognize those laws as the laws of their Government and as good citizens and cooperate in the enforcement of them. I believe that covering of the prohibition officers and employees under the civil service and making every effort to procure the very best men to fill those places and execute these laws will contribute much to remove the prejudice against them and to their just, reasonable and efficient enforcement; and if I have said anything that will contribute to that result, I think I will have done a service to my country.

APPENDIX A.

A bill (S. 1376) providing for the placing of Government employees engaged in the enforcement of national prohibition under the civil service.

Be it enacted etc., That the executive officers authorized to be appointed by the Commissioner of Internal Revenue and the Attorney General of the United States to have immediate direction of the enforcement of the provisions of the national prohibition act of October 28, 1919, and persons authorized to issue permits, and agents and inspectors in the field service of the prohibition enforcement force of the Internal Revenue Bureau, and other special employees of the Attorney General, appointed pursuant to said national prohibition act, shall be appointed in accordance with the provisions of the act of January 16, 1883, known as "An act to regulate and improve the civil service of the United States." Within three months from the passage of this act the incumbents of positions hereby made subject to the competitive requirements of said civil service act shall be subjected to and must successfully pass open competitive examinations in order to retain their respective positions, unless already appointed in the manner prescribed in the civil service act.

SEC. 2. That all acts or parts of acts inconsistent with the provisions of this act are hereby repealed.

APPENDIX B.

A bill (S. 3247) to transfer to the classified service agents and inspectors in the field service, including general prohibition agents and field supervisors appointed and employed pursuant to the national prohibition act, and for other purposes.

Be it enacted, etc., That the positions now held by agents and inspectors in the field service, including general prohibition agents and field supervisors acting under the direction of the Federal Prohibition Commissioner and prohibition agents acting under the direction of prohibition directors, which positions have been created and the incumbents thereof appointed under the provisions of section 38, Title II, of the national prohibition act, are hereby transferred to the classified service.

SEC. 2. That the incumbents of the aforesaid positions who have been heretofore appointed by the Commissioner of Internal Revenue under the provisions of the said section of the national prohibition act, and who are now employed in such positions, are hereby transferred to the classified service as of their present grades or rates of compensation, respectively, and shall be continued in such positions without any or further examination, subject, however, to transfer, promotion, or removal the same as other employees in the classified service.

SEC. 3. That nothing herein contained shall be deemed or held to restrict in any way the provisions of section 38 of Title II of the national prohibition act authorizing the Commissioner of Internal Revenue to appoint without regard to the provisions of the civil service act of January 16, 1883, and the supplements to and the amendments thereof and the rules and regulations issued pursuant thereto, executive officers to have immediate direction of the enforcement of the provisions of the said national prohibition act and the persons authorized to issue permits thereunder, including the executive officers employed under the direction of the Federal Prohibition Commissioner and of the Federal prohibition directors: *Provided, however*, That the number of persons so appointed and employed in the bureau at Washington shall not exceed 12, and the number of persons so appointed and employed in the several directors' offices in the field shall not exceed an average of five in each director's office.

Mr. KELLOGG obtained the floor.

Mr. WILLIS. Mr. President, will the Senator yield to me a moment?

Mr. KELLOGG. For what purpose?

Mr. WILLIS. I simply want to ask unanimous consent to insert certain documents in the RECORD. It will take but a moment.

Mr. KELLOGG. If that is what the Senator desires, I yield.

Mr. WILLIS. In connection with the remarks of the Senator from Tennessee [Mr. SHIELDS] relative to law enforcement and the statement made by Dr. Nicholas Murray Butler on that subject, it seemed to me it would be useful to have in the RECORD just at this point certain newspaper comments relative to the statement made by Doctor Butler. I therefore ask unanimous consent to place in the RECORD at this point, in 8-point type, a brief editorial from the New York Evening Mail, another from the Washington Star, another from the Philadelphia North American, and a statement from Evangeline Booth, who is perhaps as well qualified to judge of the enforcement of the law as anyone in the country.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

[Editorial from the Evening Mail, New York City, Monday, January 29, 1923.]

PRESIDENT BUTLER'S BAD EXAMPLE.

Speaking of the fifteenth and eighteenth amendments to the Constitution, President Nicholas Murray Butler said before the Ohio Bar Association last Friday:

"In form and in fact, and judged by all the usual tests and standards, these two amendments to the Constitution of the United States are part of the organic law, with all the rights and authority which attach thereto. Nevertheless, they are not obeyed by large numbers of highly intelligent and morally sensitive people, and there is no likelihood that they can ever be enforced, no matter at what expenditure of money or effort, or at what cost of infringement or neglect of other equally valid provisions of the same Constitution."

When the president of a great university says that a certain law is unenforceable, buttressing his argument with implied praise of the "intelligence" and "moral sensitiveness" of persons who disobey it, is it any wonder that undergraduates of his university should have no scruple about breaking the law?

There is not, and there never has been, a law in existence which was "enforced" in the sense that it was 100 per cent efficient in abolishing crime. If the law forbidding the consumption and sale of liquor is unenforceable at Columbia University, so is the law against stealing unenforceable in a thieves' den.

As a matter of fact, the prohibition laws are not only enforceable but they are enforced over the greater part of this country. It is only in the larger cities that their enforcement is still baffling the authorities. But even in those larger cities, officials like United States Attorney Hayward and Commissioner Yellowley have shown what can be done, and it is only a matter of time until they achieve still more considerable success.

Doctor Butler's Ohio address was a long wail bemoaning the increase of lawlessness, which he put down to the passage of unpopular laws. He said the frequency with which persons in high places broke the prohibition law was leading others to have a contempt for all laws. He is quite right. But he will not mend matters by making apologies for these people, their "intelligence" and their "moral sensitiveness."

We have seen few spectacles less edifying than that of a college president upholding the "intelligence" and "moral sensitiveness" of people who, because they will not deny themselves liquor, are responsible for encouraging all the other crime that goes with bootlegging.

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[Editorial on President Butler, of Columbia University, in the Evening Star, Washington, D. C., January 28, 1923.]

Dr. Nicholas Murray Butler now joins the ranks of the "defeatists" with respect to enforcement of the eighteenth amendment. In an address before the Ohio Bar Association he declared belief that the amendment never can be enforced, "no matter at what expenditure of money or of effort," and as he does not expect the amendment to be repealed within measurable time he sees no hope but that America will continue to be a Nation of lawbreakers, with full approval of "men and women of intelligence and moral sensitiveness."

The eminent educator's belief that the eighteenth amendment and laws enacted under it for suppression of the liquor traffic are unenforceable perhaps would carry greater weight if he were a little less reckless in laying the groundwork of his argument. But when he tells us that "the methods of czarist Russia and the Spanish inquisition" have been resorted to in futile efforts to enforce the law he tells us what we know is not true, and therefore we feel justified in harboring a reasonable doubt as to the infallibility of his judgment of the ultimate outcome. When so learned a man as Doctor Butler indulges in such extravagance of statement, it is to be feared his protest is more inspired by passion than by zeal for the well-being of the Nation.

Doctor Butler succeeds only in making himself look foolish when he declares at this stage of the contest that the liquor traffic can not be suppressed. As a matter of fact, American sentiment day by day grows more determined that it must and shall be suppressed. There was a time when ordinarily good citizens thought it was "smart" and something of a joke to buy bootleg whisky, but their number is rapidly diminishing. Doctor Butler asserts that revolt against prohibition enforcement among "men and women of intelligence and moral sensitiveness" is nation-wide. That statement carries its own refutation. No intelligent man or woman could view with equanimity the moral debauchery resulting from the business of the bootleggers, and to give countenance to their carnival of crime is complete proof that "moral sensitiveness" is lacking. It may be that some day the eighteenth amendment will be repealed, or that the laws for its enforcement will be modified, but repeal or amendment will not be the result of such attacks as that launched by Doctor Butler at Columbus.

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[From the North American, Philadelphia, Wednesday, February 14, 1923.]

MORALLY SENSITIVE BOOTLEGGERS.

Many Americans who believe in and practice law observance were surpised a few days ago when President Nicholas Murray Butler, of Columbia University, in a public speech assailed the eighteenth constitutional amendment and the Volstead act and offered a casuistical defense of violators of those enactments. Doctor Butler has been known as a political supporter of the liquor traffic; when he was a candidate for the Republican presidential nomination one of his principal assets was his strength with the wet forces in the party. But it was not generally expected that he, the head of a great university the majority of whose students are of foreign extraction, would make a calculated effort to justify and incite defiance of the laws of the United States.

Doubtless it was in part because the doctor has become habituated to the use of textbooks prepared by others that he merely transmitted in his address arguments that have been worn threadbare by the bootleggers and their lawless patrons. In fact, his utterance embodied so little that was new or weighty that if it had been delivered by a citizen of less prominence it would have attracted no attention. Incidentally, one must marvel at his hardihood in selecting a session of the Ohio Bar Association as the scene of his oratorical exploit. It was the judicial section of the American Bar Association that declared that "those who scoff at this law are aiding the cause of anarchy and promoting mob violence." And it was Ohio which last fall voted by a great majority for strict enforcement.

Naturally, Doctor Butler affirmed with unction that he and other advocates of nullification are "opposed to the saloon" and thoroughly approve its banishment. Here he makes two interesting admissions—first, that there is a dry sentiment throughout the Nation so strong that it has outlawed the saloon, and, second, that he is now against that agency of "personal liberty." But in adopting the canned arguments of the liquor advocates he loaned his name and influence to the most dishonest proposition in the whole wretched propaganda of booze. While professing to abhor the saloon, he knows, as one familiar with law and legislation, that if the demanded modifications of the Volstead act were to be made, so as to legalize the sale of "light" intoxicants, restoration of the saloon would be a matter of course and necessity. The places where the intoxicants were sold would have to be licensed, regulated, and taxed.

But if his condemnation of the saloon lacks candor, his implication that the sale of "light" intoxicants would eliminate lawlessness lacks logic. He might as well argue that the way to stop wholesale thefts would be to legalize petty larceny. The "light" intoxicants are obtainable now, in unlimited quantities, by anyone who has the price and is willing to participate in a criminal traffic; yet that does not diminish the demand for hard liquor but rather stimulates it.

Like every glib-tongued apologist for the bootlegger and his patrons, Doctor Butler seeks justification for defiance of the eighteenth amendment in the fact that several of the Southern States disregard the fifteenth amendment. These, he says, are "two important influences which are now making for lawlessness in American life." Coming from an obscure or uneducated person this absurd argument might be ignored. But it is worth examination, we think, when offered by a scholar who holds the degrees of A. B., A. M., and Ph. D. from Columbia, is a doctor of letters by grant from Oxford, and has been dubbed doctor of laws by Syracuse, Tulane, Johns Hopkins,

Princeton, Pennsylvania, Yale, Chicago, St. Andrews, Manchester, Cambridge, Wesleyan, Williams, Harvard, Dartmouth, Breslau, Brown, Toronto, Strasburg, Prague, Nancy, Paris, and Louvain Universities.

Doubtless it will appear a kind of heresy to question the authority of a legal expert so formidably endowed with the trappings of scholarship, yet we venture to do so. The fourteenth amendment, guaranteeing equal civil rights to negro freedmen, and the fifteenth amendment, extending the suffrage to negroes, were promulgated in 1868 and 1870, respectively. They were framed during a period of intense partisanship following the Civil War, and their ratification was procured by congressional coercion, military force, and exploitation of the negro vote. Back of these measures were radicals who had fought Lincoln to the day of his death, and the amendments embodied policies which he firmly opposed. Most of the Southern States ratified them while under "carpetbag" government supported by troops of occupation.

This aspect of reconstruction, indeed, furnished one of the darkest chapters in American history, for whatever justification there was for the amendments in theory, the main purpose behind them was partisan, to use the negro vote to take political control away from the whites of the South. The methods employed were so atrocious that multitudes of people in the North denounced them. The result was simply to solidify the South against an attempt to override its views, and to this day the sentiment is so nearly unanimous that Congress has never dared to attempt enforcement of the obnoxious measures.

Now, consider the history of the eighteenth amendment, which Doctor Butler pretends is in the same category. Its adoption followed an educational campaign extending over 75 years. No issue, except that of slavery, was ever so long and so thoroughly discussed; from platform and pulpit and in the press every aspect of it was analyzed before three generations. It was finally submitted to the States by a two-thirds vote of both Houses of Congress. At that time more than half the States in the Union had adopted prohibition within their own borders, but in every remaining State a desperate fight was made by the liquor interests, the most powerful bipartisan combination of business and politics the country had ever seen. Yet, within 13 months, so overwhelming was the sentiment, the prohibition amendment had been ratified by the required 36 States, and eventually 45 gave their approval. Out of 96 State legislative chambers, there were just three that failed to vote for ratification.

We do not cite these facts in any attempt to justify the nonenforcement of the fifteenth amendment but merely to show how uncandid and how defiant of history is Doctor Butler's pretense that the two can be linked as twin causes of lawlessness. The one was an instrument of partisanship and imposed by force, the other an expression of overwhelming public sentiment, regardless of party, made effective through orderly democratic processes.

It would be unjust to the abilities of an expert with 22 LL. D. degrees to ignore the fact that Doctor Butler enriched his excuses for law defiance with some striking epigrammatic phrases. Thus he held it an "illusion" that "enactments duly made by the legislature and upheld by a competent court are part of the law." They are such, he explained, "only if general public opinion supports and upholds them," if they are ratified by "a silent referendum in the hearts and minds of men." We hope the law schools and the courts will take due note of what should be known in American jurisprudence as the Butler referendum, as distinguished from the species provided by our imperfect Constitution.

But even more characteristic is his definition of those for whom he particularly pleads. We have read affecting arguments for the right of the worker, of the alien-born citizen, and of the "poor man" to "personal liberty" as embodied in booze, but Doctor Butler is concerned for a very different class. The law, he says, is "not obeyed by large numbers of highly intelligent and morally sensitive people"; he perceives "nation-wide revolt" among "men and women of intelligence and moral sensitiveness"; he grows emotional over "lawlessness which arises from the resistance of intelligent and high-minded people."

In this plea the surpassingly literate doctor is true to his traditions. He has frequently shown that he deplores legislative interference with the business interests and personal desires of the "highly intelligent and morally sensitive" among the population; he would remove from them hampering statutory prohibitions and trust to the common law. This is a familiar doctrine; it has been invoked by the Butlers every time an exploited public has undertaken to curb rapacity, stamp out crimes of cunning against society, and promote social and industrial justice. When laws were passed against secret railroad rebates, food adulteration, the exploitation of women and children in industry, the plundering of natural resources, the wasting of life through refusal to safeguard workers, always the cry was raised that these enactments were needless restrictions upon business and that the common law provided all needed remedies.

As we have frequently shown in these columns, the reactionary of the Butler type is the complement of the reddest of radicals. Their essential doctrines are alike. Both are antidemocratic; both are for the rule of a minority—the Bolshevist for government by manual workers, the Butlers for government by the "highly intelligent and morally sensitive."

Nor must any one assume that the eminent educator's solicitude for the class he champions is a mere ebullition of platform sentiment; a harrowing scene in a New York court room last Friday showed how precious is his reasoning to "highly intelligent and morally sensitive" violators of the law. Four brothers, prominent members of New York clubs and society, pleaded guilty to bootlegging, an official stating that their operations amounted to $2,000,000 a year. All four had been indicted for selling liquor without prescribed permits, three for illegally possessing liquor withdrawn on forged permits. Lawyers as distinguished as Doctor Butler himself pleaded for them, and actually quoted in their behalf his ingenious argument that defiance of an unpopular law is an act justifiable and even virtuous. In spite, however, of their high intelligence, moral sensitiveness, and Butlerian immunization they were sentenced to jail. The court must have preferred to the Butler philosophy that of Edmund Burke:

"Men are qualified for civil liberty in exact proportion to their disposition to put moral chains upon their appetites; in proportion as their love of justice is above their rapacity; in proportion as the soundness and sobriety of their undertaking is above their vanity and presumption; in proportion as they are more disposed to listen to the counsels of the wise and the good in preference to the flattery of knaves."

It might even have called as a witness an exponent of many of Doctor Butler's reactionary views, but one who draws the line at countenancing criminality by the cultured. Thus says Justice Taft, of the United States Supreme Court:

"This is a democratic Government, and the voice of the people, expressed through the machinery provided by the Constitution, is supreme. Every loyal citizen must obey. This is the fundamental principle of free government. * * * It is dangerous doctrine for any citizen to attempt to excuse lawlessness. It is doubly dangerous when done by men in prominent positions."

While we would not deprive Doctor Butler of a single one of the degrees that give luster to his name, we must pronounce the opinion that for a highly intelligent and morally sensitive LL. D. he makes deplorable use of his honorary distinctions.

[From the War Cry, January 20, 1923.]

SHALL AMERICA GO BACK?

(By Commander Evangeline Booth.)

* * * * * * *

OVERWHELMING DRY MAJORITY.

"Who adopted prohibition? The people themselves through their Representatives in Congress and State legislatures. In Congress 347 votes were cast for submitting the eighteenth amendment to the State legislatures for ratification and 148 against. In the 46 States out of the 48 which ratified the amendment 5,084 votes were cast in the State legislatures for ratification and 1,263 against it. The total vote was 79 per cent for ratification and 21 per cent against.

"You can impress the whole situation on your mind by remembering that prohibition was 'put over' by only 46 of the 48 States in the Union, with only 98 per cent of the population and only 99¾ per cent of the area of the United States. To sum up, only two small States—Connecticut and Rhode Island—refused to ratify. Prohibition could have been no surprise to the country, for 33 States were dry by State enactment and 87.8 per cent of the area and 60.7 per cent of the population were under license law before the eighteenth amendment went into effect. How ridiculous to say that this was secured by surreptitious means!

DRINK ALWAYS LAWBREAKER.

"The second count in this indictment is:

"'Prohibition does not prohibit.'

"It is rather strange that our enemies blow both hot and cold. We hear much about the drastic nature of the Volstead Act. It seems to prohibit overmuch, and our friends say: 'We would be satisfied if they would allow light wines and beers.' Then with almost the same breath they say: 'Prohibition

does not prohibit.' If it doesn't, then the 'wets' are well served. But they know it does and that every time they slake their thirst with the forbidden beverage they are breaking the law. This, in the drinker's realm, may not be looked upon as particularly bad; but then drink is always true to form, and in the days when it was legalized its devotees were the most flagrant breakers of the law in the land. Drink will not be regulated. Its lawbreaking proclivities are not new but are as old as history; be they laws of nature or laws of nations, laws of health or laws of home, laws of mind or laws of morals, the drink stands condemned—the red-handed criminal, the greatest lawbreaker in the land. So it is no new rôle for it to assume when its apologists cry, 'Prohibition does not prohibit!'

"That there are violations of the law all admit, but to cite that fact as an argument against the prohibition law is as futile as it would be to demand the cancellation of the whole decalogue because of repeated infraction of that law which is fundamental to all jurisprudence. We of the Salvation Army aspire to order our lives by the standard of these Ten Commandments, and to persuade others to do the same, and it would be about as sensible to engage in an effort to expunge that code from the Book of God because of its nonfulfillment in lives of men as it is to advance the theory that the prohibition law is a failure because it does not prohibit.

AMENDMENT MUST STAND.

"Because the laws against arson, theft, and murder are being violated, shall we abandon these laws and their penalties? Certainly not; and by the same token the eighteenth amendment and its supporting law must stand.

"The third count in this indictment is:

"'You can not by law make men moral.'

"This statement can not survive the acid test. Its reasoning is fallacious and its implications untrue.

"I must remind our friends that the question is not simply and only one of morals. That phase of the matter, I admit, to Salvationists looms up with singular distinctness. We hold that it is positively wicked to take God's good grain, capable of sustaining the lives of multitudes, who are now on the verge of starvation, and waste it, and not only so, but, in the process of waste, turn it into an unmitigated curse. No proprietary rights will absolve any from the moral obloquy of such conduct. To trade in that deceptive and destructive thing, apart from anything that statutory law may say, has long been regarded as of doubtful ethics. The beverage use of alcohol has proved with mathematical precision that it is a demoralizing and dehumanizing agent. Oh, yes! It is a moral question, but not only so. It is also an economic question, a sociological question, a political question, a scientific question, and startlingly these days have demonstrated it to be an international question. So it comes to pass that the economist, the scientist, the statesman, the sociologist, and the manufacturer have all joined with the moralist in the enunciation of this law that was graven by the hand of God in the constitution of human life.

LAW NECESSARY TO SOCIETY.

"The statement that morality is divorced from law is not true. Moral conduct is the aim and end of law. That is the meaning of law. Its enactment and administration has good conduct for its objective, and while conduct may at times be governed by a fear of penalty, law is still universally recognized as necessary to the existence of well-ordered society. When people say: 'You can't legislate people into good morals,' I reply: Into the whole fabric of our Nation's law is woven the ethical element, and any law that violates a correct moral standard is foredoomed to dishonor and its repeal is certain. By this test the old liquor-license laws were tried and condemned and ultimately superseded, and I feel quite happy in the realization that the same searching trial will reveal to the whole world the soundness of our present legislative position. Meanwhile depopulated prisons and rebuilt homes witness to the fallacy of this argument advanced against prohibition.

"The fourth indictment is:

"'Prohibition invades personal liberty.'

"Into this supposed tower of refuge probably more of our opponents run than any other, and from its flimsy ramparts they fling the cry: 'Prohibition invades our personal liberty by prescribing what we shall eat and what we shall drink; and we deny any man's right to proscribe our plum pudding or our exhilarating cup.'

"The principle, basic to the restraints of all law, is precisely that which enters into the prohibition law. No man objects to the denial of his liberty to steal; anyway, he doesn't object to the curtailment of his neighbor's liberty in this direction; therefore he should intelligently accept the application of this same principle to that house-breaking, home-destroying, child-abusing, business-wrecking thief—alcohol.

NO OTHER CONSISTENT COURSE.

"Liberty, true liberty, is a priceless heritage, but no man's liberty comprehends a right to strike another down, not even if that other is his own child. In the exercise of society's right to protect itself, the Nation came to an appraisal of the monstrous wrong that was perpetrated upon it by the permission of the drink traffic. The process toward that evaluation was slow and tedious, but the final appraisal was correct—correct politically, correct economically, correct scientifically, correct socially, and correct morally. With the soul of the people awake to this solemn fact, there was no consistent course possible but for the Nation to wash its hands forever from the cruel partnership that had dishonored it and refuse longer to traffic in homes, in happiness, in health, in the very lives of its children. To speak this holy purpose our Nation flung her starry pen across the Federal books and by strictly constitutional means wrote into the organic law of the land that which every officer and every citizen is pledged to support. There is no liberty apart from law. There is but one alternative—anarchy.

TEST OF RESPECT OF LAW.

"What about the enforcement of law?

"That splendid American, the Hon. Charles E. Hughes, Secretary of State, says: 'Everybody is ready to sustain the law he likes. That is not in the proper sense respect for law and order. The test of respect for law is where the law is upheld even though it hurts.'

"Law must be, and must be obeyed. Yet there are those who argue that the breach of the prohibition law is excusable. Some say it is laudable, while others are defiant and make it their business in life to forward their sinister work of doing those things that the law prohibits. There are others that go still further, and in their wild thirst for gain the lives of their victims count not, and murder is added to fraud when they trade upon the weakness of their fellows and for fabulous prices sell deadly poison.

"When I begin to analyze the crowd opposed to prohibition I must confess I am impressed neither with their quality nor their reasoning. Clean and loyal citizens opposed to prohibition place their reputation in jeopardy by such association. How sorrowful that opposition to prohibition has united, as in a great dragnet, the good and the bad, so that the respected citizen and the professional brewer are cogitating and cooperating together for the repeal of the eighteenth amendment! But—'they shall not pass'

"The prohibition law sprang from the soil and the soul. It germinated in remote and sacred places where mothers pray and fathers think. The country church, the country W. C. T. U., the country home and school took the lead—the West far in advance of the East. Long and wearisome has been the struggle. Shall those who fought and gained it never go back? 'Kansas,' William Allen White says, 'and States of her tradition and her kind would no more lose their 40 years' fight for prohibition than they would lose their 4 years' fight against slavery.'

COMPROMISERS ARE BANE.

"There are those that pronounce themselves in favor of light wines and beers. They are the 'happy medium' folk. To them the prohibition amendment is good, but its enforcement is bad. Their cry is 'modify.' Their name is legion. According to a recent independent poll, the number of these 'would-be' modifiers nearly equals the number of those who support unqualifiedly the amendment and its supporting legislation. Herein lies our danger. We have nothing to fear at the hands of the out-and-out 'wets.' They constitute a dismal and discredited minority. The compromisers are the bane that threatens the Nation's prohibition policy.

"A very large number, I might say nearly all, of these friends repudiate the saloon, and if it were a choice between the return of the saloon and prohibition then they would choose prohibition. But the menace of their position lies in the thought that light wines and beers are effectively divorced from the saloon and that the one can exist without the other. They say, 'No saloon—it is gone forever—but gives us light wines and beers.'

"Now, if it were possible to meet their demand, I am still for prohibition as prescribed by the present statutes. But it is not possible. It is not possible constitutionally. Intoxicating liquor is barred and little or no argument is needed to prove that so-called light wines and beers are of the proscribed class."

Mr. BROUSSARD. Mr. President, will the Senator from Minnesota yield to me to ask unanimous consent to have something inserted in the RECORD?

Mr. KELLOGG. If the Senator wishes to make any explanation, I wish he would wait until I get through. It will only take me about ten minutes.

Mr. BROUSSARD. I want to have something printed in the RECORD just at this point. It is the address delivered by Doctor Butler, and, inasmuch as the editorials have been offered, I would like to have the address follow the editorials.

Mr. KELLOGG. I have no objection to that.

Mr. WILLIS. I offered the editorials because the address of Doctor Butler had been referred to.

Mr. BROUSSARD. I understand. I ask unanimous consent that the address of Dr. Nicholas Murray Butler may be inserted in the RECORD, in regular RECORD type, immediately following the editorials offered by the Senator from Ohio.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

LAW AND LAWLESSNESS.

AN ADDRESS DELIVERED BEFORE THE OHIO STATE BAR ASSOCIATION, AT COLUMBUS, OHIO, ON JANUARY 26, 1923, BY NICHOLAS MURRAY BUTLER.

In this presence of a distinguished and representative company of American lawyers and men of affairs, it would be quite easy to speak once again with appropriate rhetorical flourishes those sonorous platitudes concerning the law and its supremacy with which we are all familiar. One who does not venture beyond the limits of common consent may gain universal applause, but he does not contribute to progress. My preference is to raise, with such definiteness as the time at my disposal will permit, some fundamental and doubtless disputed issues which I conceive relate directly to the subject under discussion.

That disregard of law, disobedience to law, and contempt for law have greatly increased and are still increasing in this country is not to be doubted. Similar happenings are taking place in other parts of the world, but one may wonder whether the unenviable supremacy of the people of the United States in this field is not fixed for the time being. In all parts of the country judges and lawyers are discussing the prevalent spirit of lawlessness, and usually end by asserting emphatically that the law must be and shall be enforced exactly as it is written without fear or favor. This has a fine sound and is universally applauded, but it contributes absolutely nothing to an understanding or solution of the grave problem which widespread lawlessness has raised. An examination of the proceedings of the recent annual meetings of bar associations throughout the country establishes the fact that almost all of them have been hearing discussions of this topic. Its importance, therefore, and its nation-wide character may be taken for granted.

It is rather a sorry outcome of our century and a half of existence as an independent Nation, proclaiming to the world the discovery of the best possible method of providing for liberty under law, that we should now be pointed to as the law-breaking nation par excellence. At the meeting of the American Bar Association, held in San Francisco in August last, I listened to the report of a special committee on law enforcement. That committee called attention first to the fact that we in this country are without adequate and accurate statistical information as to crime, and will remain so until the Department of Justice is in position to establish a bureau of records and statistics, where all relevant information may be assembled and preserved and to which recourse may be had by courts and public officers throughout the Nation. That committee offered a most disheartening and indeed shameful comparison between the law-abiding character of the people of the Dominion of Canada and that of the people of the United States. They seemed to feel that the situation was somewhat relieved by the fact that when Canadians cross the border they become proportionately less law abiding than when at home. Some of us might think that, contrary to the adage of the poet Horace, these immigrants had changed both the sky above them and the spirit within them and that the inference was not complimentary to the United States. However that may be, the Dominion of Canada, with a population of some nine millions, stands in most enviable contrast to Cook County, Ill., with a population of some three millions, when burglaries, larcenies, and homicides are taken as standards of comparison.

It was of particular interest to hear in that report the statement that, particularly since 1890, there had been and continues to be a constantly widening and deepening tide of lawlessness in the United States. I hold that date, 1890, to have marked the turning point for the worse in more than one field of thought and action, and to be a truly significant date for anyone who would understand the prevalent lawlessness among our people. It seems clear that the remedies usually suggested for this lawlessness are very superficial and can have none but superficial and temporary results. It is all well enough to increase the number of judges, to make criminal trials more speedy and sentences after conviction more severe, and in various other conventional ways to strengthen the administration of justice. We may, however, do all these excellent things, and lawlessness will still continue to exist and to grow unless its underlying causes be reached and dealt with. Human experience has long since exploded the doctrine that a severe punishment will deter from the commission of crime. The fear of detection will so deter, but the fear of punishment will not.

In order to get at the fundamental facts in respect to lawlessness we must dig down somewhat deeper than ordinary. There is, first, the body of new information just being brought to general public attention, which appears to indicate that during the past hundred years and more the material progress of man and his power to control and apply the forces of nature have far outrun both his intellectual and his moral capacity and competence. One of the most distinguished of American scientists recently said in my hearing that he had about come to the conclusion that all his discoveries and advances were harmful rather than helpful to mankind because of the base and destructive uses to which they were likely to be put. He insisted that, in the present state of public intelligence, if there was a lofty use and a lower use of his discoveries and inventions, evidence multiplied that the lower use would be the first chosen. He pointed, among other things, to the fact that the Great War, with all its destructiveness and appalling loss of life and treasure, could never have been fought except by the use of two of the most beneficent and striking of modern inventions, namely, the telephone and typhoid phophylaxis. What, he added, is the use of inventing and improving the telephone or of discovering and applying typhoid prophylaxis if the killing of millions of men is the best use that can be made of them?

Frankly, we must face the possibility that we are living in a material world to which but a portion of the people are intellectually and morally adjusted. These, and these alone, be they few or many, are in a state of mental health. The others are pathologic cases from the intellectual and the moral point of view. They are not mentally defective as that term has been understood, nor are they in any technical sense insane; but they are sufficiently maladjusted to their environment to be lacking in complete mental and moral health. If conditions like these be superadded to the general temperament and known characteristics of the people of the United States, it is not difficult to see how a widespread spirit of restlessness, of dissatisfaction with law, and eventually of disregard for law, might be brought about. The more advanced of our students and investigators of mental life and mental health are quite alive to these conditions, but as yet they are voices crying in a wilderness.

The report of the American Bar Association's committee on law enforcement mentioned the year 1890 as significant in the history of the development of lawlessness in this country. That happens to be about the time when the standards and methods of general education which had existed in the United States for more than a half century began to give way before those that have since become increasingly influential not only in our schools and colleges but in our homes. For various reasons, which need not be gone into here, there then began to be an increasingly sympathetic response to the doctrine which had for some time been preached: That no youth should be asked to follow any course of study that he did not like and that was not of his own choosing. His tastes and early capacities or, perhaps, his whims were to take the place of human experience and the general interest in determining how he should spend his time while in the process of formal education. A quick effect, and, indeed, an almost unconscious effect, of the practice of such a doctrine is to displace discipline and to arouse in the mind of youth contempt and disregard for those things which he has not chosen to know, regardless of what may be the opinion of others concerning their value and importance. In this way the individual learns to separate his own tastes, his own interests, his own occupations, from those of the community of which he is a part and only to prefer and to follow his own. That subtle and many-sided influences would in this way be set in motion to make for lawlessness seems obvious.

Until about 1890 the ruling notion in American education was that there existed such a thing as general discipline, general knowledge, and general capacity, all of which should be developed and made the most of by cooperation between the home

and the school. As a result of a few hopelessly superficial and irrelevant experiments, it was one day announced from various psychological laboratories that there was no such thing as general discipline and general capacity, but that all disciplines were particular and that all capacities were specific. The arrant nonsense of this and the flat contradiction given to it by human observation and human experience went for nothing, and this new notion rapidly spread abroad among the homes and schools of the United States, both to the undoing of the effectiveness of our American education and to the spread of a spirit which makes for lawlessness.

It would surprise a great many excellent persons to be told that the schools upon whose maintenance they are pouring out almost unlimited sums raised by public tax, were, quite unconsciously, doing all that they reasonably could to implant a spirit of lawlessness in those who come under their influence. And yet that is the sober truth. If a youth be taught at home or in school that there are no fundamental underlying principles, but that the world is his oyster, to be consumed at such time and in such fashion as he may see fit, or that it is to be made over to his heart's desire, one need not wonder when a spirit of lawlessness and restlessness under order and constraint finds expression in his life. The platitude makers tell us sometimes that education is preparation for life, and sometimes that education is life; take either horn of the dilemma, and the sort of education to which we are now subjecting our youth is too often a training in the spirit of lawlessness. No person can be called educated who will not do effectively something that he does not wish to do at the time when it ought to be done.

If these considerations be correctly stated, a secure foundation for lawlessness has been laid in our national life, and an invitation to lawlessness has been extended by the recent material progress of man and by the changes that have come over our national system of education. The sum total of the effects of these causes is to predispose to lawlessness. In such case there is no effective barrier raised against human passion, human greed, human revenge, or human cupidity. First comes individual interest and individual satisfaction; then group or class privilege or advantage; and last of all, the interest of the general public, which in a healthy and law-abiding society will always be supreme.

Upon the foundation so laid there has been rising for some time past a structure making for lawlessness, which has had the cooperation of many builders, most of whom have been quite unconscious of the part they were playing. Our legislatures, both State and national, and our various administrative boards and bureaus are largely made up of those whom Thomas Jefferson wittily described as demilawyers. Their ruling passion is a statute or an administrative order. Their constant appeal is to force, to what has come to be known as the police power of the State, and they exercise it with a ruthlessness and a ferocity from which kings and emperors have been accustomed to draw back. Shortly before retiring from public life former Senator Thomas, of Colorado, himself a learned lawyer of high type, made a speech in the Senate in which he pointed out that within a relatively short period of time we Americans had some seventy thousand statutes, State and national, passed for our guidance and government. To state this fact is to name a powerful force making for the spread of lawlessness. When the temporary is confused with the permanent, and when the unimportant and trivial is mistaken for that which has broad reference and wide implication, intelligent citizens must not be expected to look seriously upon statutes and statute making or to treat all statutes with equal respect. The strain is quite too much for common sense and for a sense of humor to bear. I well know that it is the opinion of lawyers that whatever enactments are duly made by a legislature and upheld by a competent court are part of the law. But that is an illusion. They are only part of the law if general public opinion supports and upholds them. There is a silent referendum in the hearts and minds of men on every important enactment by a legislature and on every important decision by a court which involves a fundamnetal principle of civil liberty. Without a favorable issue in that referendum, the statute and the decision alike are written in water. It must not be forgotten that law is but one form or type of social control.

It is not so many years ago that Americans used to laugh at the Prussian bureaucracy and to point with scorn at the signs "Verboten" that were to be seen on every hand in Prussia. Our bureaucracy is quite as bad as that of Prussia ever was, without being so efficient, and now we have a dozen Verboten signs in the United States to every one that Prussia can show. Not a few of the printed forms addressed to citizens by various bureaus of the National and State Governments are rude and peremptory to the point of insolence, and are justly resented by self-respecting citizens. The multiplication of petty crimes has gone on until the list includes scores of perfectly innocent departures from the conventional and scores of perfectly harmless infractions of good manners and good conduct.

No longer do the demilawyers stop with defining these acts as misdemeanors. Not infrequently they are elevated to the rank of felonies. Is it any wonder that an intelligent and self-respecting public revolts at that sort of official treatment? It may just as well be frankly stated that a very distinct contribution to the spread of lawlessness is made by the ease and inconsequence with which we make and modify the law. Did time serve, it would be possible to give illustration after illustration drawn from the statute books and administrative codes of States in all parts of the Union. Thomas Jefferson would rise in his grave if he could know what is now going on in the United States, not infrequently at the behest and under the influence of the political party which still professes allegiance to his name and principles.

In this respect things have come to such a pass that the really public-spirited legislator who should vote no on every roll call in respect to the final passage of a bill would be rendering public service nine times out of ten. The common law will take care of our developing needs in far better fashion than will statutes in all but a very small class of cases. The influence of a sound education and a true religion, if really believed in instead of being merely talked about, would in time build up a spirit of obedience to law, which no possible system of law enforcement can ever bring about. Through centuries a habit of obedience to the Ten Commandments may be built up among men, but the Ten Commandments can not be enforced by all the governments and armies in Christendom.

This is but one more phase of the never-ending struggle between reason and force in human life. Civilized States, and particularly those which rest upon a basis of popular government, are always steadily aiming to widen the area in which reason rules and to narrow that in which force controls, both as to their internal policies and as to their international relationships. We in this country, however, have of late been pursuing the reactionary policy of widening the area where force controls, and this is justly resented by a very large number of Americans. Their resentment leads naturally, in the case of not a few, to lawlessness in one of its many forms. It is no answer to say that these statutes and these administrative orders are made in pursuance of law, and that at bottom they rest, through the medium of our representative institutions, on the will of the majority. The will of the majority is under precisely the same limitations as was the will of the monarch. In the process of gaining freedom, it has never been the intention of modern men to substitute a tyrant with many heads for a tyrant with one head. They have endeavored and have struggled to mark out and to define an area of civil and political liberty into which no tyrant may enter, whether he have one head or many. The invasion of that area by the many-headed tyrant under the ostensible forms of law is just as repugnant to the lover of liberty as is its invasion by the monarch claiming to enter by divine right. When the law commits a trespass, it can hardly expect that sort of hospitable welcome which is cheerfully offered to an invited guest.

These were once fundamental principles of American public polity. They were universally accepted by the fathers and were laid down as the chart by which our ship of state was to be guided as it set out on its memorable voyage across the seas of political experience. It needs no argument to prove that we are tending to lose sight of these fundamental principles and to try all over again, although in new forms, the world-old experiment of tyranny and despotism and interference with personal life and private conduct. It has been settled and generally accepted law in the United States for nearly two generations that when an undertaking privately organized becomes charged with a public interest, then public supervision and control may rightly be established over it. Similarly, it is only when the private life and personal conduct of an individual become so charged with a public interest that public authority has any proper concern with them at all. It would not be unbecoming for us all to reread at intervals the Declaration of Independence and to reflect seriously upon its words. If the American of to-day were to read Thoreau's essay on Civil Disobedience, he might be startled but he certainly would be enlightened.

It would be lacking in frankness and sincerity not to point out two important and law-made influences which are now making, and seem likely long to make, for lawlessness in American life. The American people as a whole can not escape full share of the responsibility for these two influences, although

they are in part due, no doubt, to what Walt Whitman described as "the never-ending audacity of elected persons."

The first is the fifteenth amendment, proclaimed in 1870, and the second is the eighteenth amendment, proclaimed in 1919. In form and in fact, and judged by all the usual tests and standards, these two amendments to the Constitution of the United States are part of the organic law, with all the rights and authority which attach thereto. Nevertheless they are not obeyed by large numbers of highly intelligent and morally sensitive people, and there is no likelihood that they can ever be enforced, no matter at what expenditure of money or of effort, or at what cost of infringement or neglect of other equally valid provisions of the same Constitution. The purpose of those who advocated and secured the adoption of these two amendments was excellent, but they did not stop to deal with the realities of politics and of public morals.

When the thirteenth amendment abolished slavery, and when the fourteenth amendment provided for the reduction of the representation in Congress from any State which abridged the right of any citizen to vote, except for participation in rebellion or other crime, the matter might well have rested there. All that was needed was the courage and the public opinion to enforce the fourteenth amendment, and speedily the several States would have made provision for their own protection by which the intelligent colored man would have been permitted to vote. Gen. Robert E. Lee himself testified in this spirit before the reconstruction committee of the Congress. The Civil War had but just ended, however, and passion ran high. Therefore, the fifteenth amendment was proposed and ratified, and the right of suffrage was given a national basis and protected by a national guaranty. What has been the result? After a half century the colored man votes in those States where he voted when the fifteenth amendment was passed, but he rarely votes, and certainly does not freely participate in public life, in those States where he did not vote then. Every attempt to enforce the fourteenth or fifteenth amendments has been denounced as a force bill. Oddly enough, it has been so denounced by those very Senators and Representatives who will go to any length to enforce the provisions of the eighteenth amendment. The practical question is not whether or not the colored man should vote in the Southern States, but whether the American people will frankly face the problem presented by the nullification throughout a large part of the land of a most important provision of the Constitution of the United States. Everyone knows what political results follow from the failure to enforce the provisions of the fourteenth amendment and from the skillful measures which have been enacted to escape its provisions without actually violating it. All this is a matter of history. No one in his senses wishes to overturn white government in the Southern States; but everyone with the American spirit in his heart wishes fair play and a fair chance for the colored man and the removal of any continuing cause of lawlessness which has its foundation in the organic law itself. It is elementary that an individual or a community may not defy law in one respect without developing a habit of disregard for all law. If the American people stand idly by and see the fifteenth amendment unenforced, and unenforceable because it runs counter to the intelligence and moral sense of large elements of the population, must they not either remove the offending cause from the law or leave off bewailing the lawlessness to which its presence naturally leads? This generation has become so accustomed to the cavalier treatment of the fourteenth and fifteenth amendments that it rarely weighs, and little understands, the influences flowing from them for lawlessness. It is a fair question whether, if the fifteenth amendment were repealed and the fourteenth amendment were enforced, the political and social condition of the colored man in the Southern States would not be vastly improved. Certainly a powerful and continuing cause of lawlessness would have been eliminated, and the political condition of the colored man would be no less advantageous than now.

The situation with regard to the eighteenth amendment is even worse, because the revolt against it is not confined to men and women of intelligence and moral sensitiveness in one section alone, but is Nation-wide. It will not do to attempt to silence these persons by abuse or by catch phrases and formulas of the hustings. These men and women dissent entirely from the grounds upon which the case for the eighteenth amendment was rested, and they regard its provisions and those of the statutes based upon it as a forcible, an immoral, and a tyrannical invasion of their private life and personal conduct. They have no possible interest in the liquor traffic, and they are without exception opposed to the saloon. But they are equally opposed to making the Constitution of the United States the vehicle of a police regulation affecting the entire country and dealing not alone with matters of public interest and public reference but with the most intimate details of personal and private life, including food, drink, and medical treatment. The moral sense, as well as the common sense, of very many people is affronted by a policy which will expend millions of dollars and use the methods of Czarist Russia and of the Spanish Inquisition to enforce one provision of law while others of far greater significance and public importance are accorded conventional treatment or less.

It will startle many excellent people to hear the following sentences from the recent book of Outspoken Essays, second series, written by the dean of St. Paul's Cathedral, London. The author, Doctor Inge, is one of the most learned and most eminent of English churchmen. "Suppose," says Dean Inge, "that the State has exceeded its rights by prohibiting some harmless act, such as the consumption of alcohol. Is smuggling in such a case morally justifiable? I should say yes; the interference of the State in such matters is a mere impertinence." (Inge, William Ralph—Outspoken Essays, second series (New York, 1922), p. 134.)

Or if one crosses the Atlantic he may find with increasing frequency expressions like these unanimously adopted by a recent grand jury in Kings County, N. Y., whose limits are identical with those of the community which has long been known as the City of Churches. Referring to the existing laws for the enforcement of the eighteenth amendment, this grand jury expressed itself as follows:

"Whatever may be our individual ideas upon the subject of temperance and prohibition, we believe that there can be no doubt but that this law tends to debauch and corrupt the police force. It interferes with the liberty and private life of moral, law-abiding citizens. It even goes so far as to brand good men felons because in their own conscience they desire to indulge in personal habits in which they find no harm. It has not checked the misuse of intoxicating liquors, but it has seriously hampered their proper use. We feel that it can never be enforced, because it lays down rules of private conduct which are contrary to the intelligence and general morality of the community. It is an attempt by a body of our citizenship, thinking one way, to interfere with the private conduct of another body thinking another way." (New York Globe, Dec. 29, 1922, p. 2.)

These are not expressions of a spirit of lawlessness. They are a simple declaration of the fact that lawlessness is certain to follow for some types of law. The answer which is made is instant and resounding. We are told that the eighteenth amendment was adopted in accordance with the provisions of the Constitution itself, and that its validity as an amendment has been affirmed by the United States Supreme Court. We are told then that all that those who disagree with its principles and purposes have to do is to accept defeat, to recognize themselves as in the minority, and to obey the law. Perhaps this ought to be the case, but it is not, and I greatly doubt if it ever will be, at least within the lifetime of any man now living. The majority is not always right, nor is its verdict final. The Old Testament records a leading case in which 450 prophets of Baal were worsted single-handed by the prophet Elijah, who had God and right on his side. Four hundred and fifty to one is a very unusual majority, but it was not enough.

As Abraham Lincoln pointed out in his argument against the finality of the decision of the United States Supreme Court in the Dred Scott case, he was not violating the law or urging its violation. He did not propose to set Dred Scott free by force in opposition to the court's decision. What he did propose, however, was to agitate and to lead an agitation for such political action as would make impossible the conditions which had led the Supreme Court to make its decision in that particular case. It is lawless openly to affront the law. It is not lawless to agitate for its modification or repeal.

No one who is familiar with the practical workings of our political system would expect either the fifteenth or the eighteenth amendment to be repealed within measurable time. So far as one can see, therefore, we are shut up to the alternative of their attempted enforcement by soldiers and police and special agents and detectives and spies or to their abrogation over a great part of the land by local initiative and common consent. Either alternative is humiliating and degrading. If our people have taken untenable and harmful positions in respect of securing suffrage for the colored man and in respect of promoting the cause of temperance and total abstinence and in removing the abuse and the nuisance of the public bar, they should be willing to retrace those steps and start toward their

wise and splendid goals by other and more practicable paths. I know of no one who dares to hope for any such fortunate outcome of the unhappy conditions that now confront us.

Speaking for myself, I may say that my first political activity in my native State of New Jersey was in cooperation with colored men and on their behalf and in support of movements to restrict and to abolish the saloon or public bar. In my own congressional district there were large numbers of colored voters who were eager, intelligent, and public-spirited. To see colored men of that type participate freely in the public life of other districts and other States would be a great satisfaction. But it is now plain to me that the road which was taken to that end was a wrong road. It has delayed, not hastened, the political participation of the colored man in the public life of the United States. Similarly, it was my fortune as a member of the committee on resolutions of the New Jersey State Republican convention of 1886 to give the casting vote in favor of the platform declaration which declared war on the saloon. That platform declaration is supposed to have cost the Republican Party that election, but it was a sound and true declaration none the less. Later in the State of New York it was my lot to work vigorously with those who attempted to drive out the saloon by use of the power of taxation. Therefore I am personally committed through many years of practical political action to the cause of universal suffrage and to the abolition of the saloon. Perhaps for that very reason I feel so strongly as I do the disastrous mistakes that have been made and the evil consequences that have followed and are certain long to follow in the life of the people of the United States. Certainly there can be no more distressing and no more disintegrating form of lawlessness than that which arises from the resistance of intelligent and high-minded people on grounds of morals and fundamental principle to some particular provision of law.

The American people must learn to think of these things and to give up that unwillingness, which seems so characteristic, to discuss or to deal with the disputed and the disagreeable. We have almost gotten to a point where public men, and those who should be leaders of opinion, hesitate to speak until they know what others are likely to say and how what they say will probably be received by the press and the public. There are not so many as there should be who are willing to take the risk of being unpopular for the sake of being right.

SALARIES OF UNITED STATES ATTORNEYS AND MARSHALS.

Mr. NELSON. Mr. President, will my colleague yield to me?

Mr. KELLOGG. I yield if it is a matter that will take no time.

Mr. NELSON. I think it will take only a moment. I ask unanimous consent for the present consideration of the bill (S. 425) fixing the salaries of certain United States attorneys and United States marshals. I hope the Senator will allow me to make a brief statement.

The object of the bill is to confer upon the Attorney General the power to fix the rates of compensation of United States marshals and United States attorneys within certain limits. The salaries of United States attorneys are to be between a minimum of $3,000 and a maximum of $7,500, and the salaries of the marshals between $3,000 and $6,500. The salaries are to be based upon the amount of business done within the last four years.

Mr. ROBINSON. Mr. President, will the Senator from Minnesota allow me to ask him a question?

Mr. NELSON. Certainly.

Mr. ROBINSON. The Senate has entered into a unanimous-consent agreement to consider unobjected bills on the calendar under Rule VIII during the morning hour on next Monday.

Mr. NELSON. If the Senator will allow me, there has been a great demand for the passage of the bill, and I am very anxious to get it over to the House as soon as possible. The Committee on the Judiciary are unanimously in favor of the bill, and I think there will be no objection to its consideration if the Senator from Arkansas will allow me to make a brief explanation in reference to its subject matter.

At present, owing to the fact that the salaries of marshals and district attorneys have been fixed at different times, there is a great disparity and diversity in their compensation. An attempt was made to secure the passage of a bill prescribing their salaries in detail, but that measure was objected to. In 1919 Congress passed a law permitting the Attorney General to fix the salaries of clerks of United States courts within certain limits. That law has worked satisfactorily. It is now proposed in the pending measure to allow the Department of Justice, upon the basis of the work of these officials for the last four years ending this fiscal year, to fix the annual salaries of United States attorneys between a minimum of $3,000 and a maximum of $7,500, and to fix the annual salaries of United States marshals between a minimum of $3,000 and a maximum of $6,500. It is proposed only to make an exception in three cases, and those exceptions are as to the salaries of the United States district attorneys for the district of New York, for the district of Chicago, and for the District of Columbia, which may be fixed within a limit of $10,000 per annum. That is all there is in the bill, and I trust there will be no objection to its consideration.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That the salaries of the United States attorneys and United States marshals for the several judicial districts of the United States shall be fixed by the Attorney General, beginning July 1, 1923, at rates not less than $3,000 nor more than $7,500 per annum for attorneys and at rates not less than $3,000 nor more than $6,500 per annum for marshals, the amount to be based in each instance upon the business transacted during the four years ending June 30, 1923: *Provided*, That the salaries of the United States attorney for the southern district of New York, the northern district of Illinois, and the District of Columbia may be fixed at rates not exceeding $10,000 per annum for each of said districts.

The Attorney General may increase or decrease any of the salaries fixed, as aforesaid, within the limits prescribed in the foregoing section if, upon investigation, he finds that there has been a material increase or decrease in the volume of business transacted: *Provided*, That no salary fixed under the provisions of this act shall be changed more than once in any four years.

All laws or parts of laws, in so far as they are in conflict with the provisions of this act, are hereby repealed.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill authorizing the Attorney General of the United States to fix the salaries of United States attorneys and United States marshals of the several judicial districts of the United States within certain limits."

THE MERCHANT MARINE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes.

Mr. KELLOGG. Mr. President, I listened this afternoon, with some degree of surprise and with deep regret, to an assault made in this Chamber upon the judiciary of the United States, which has been the protection and the bulwark of American liberty for more than 140 years. Manifestly it will be impossible for me at this late hour to attempt to answer a carefully prepared address which required an hour and a half to deliver; but I can not allow this opportunity to pass without entering my protest against doctrines which, if enforced, would be subversive of the liberty of the American people and destructive of all our institutions.

Should we take from the Supreme Court the power to declare a law which was passed in violation of the fundamental law of the land to be unconstitutional, we should place all the liberties of the American people in the hands of one body, and there would be no Constitution of the United States left. We can not have a written Constitution, Mr. President, which defines the powers of the Federal Government and of the State governments, which provides in the Bill of Rights for the protection of American citizens in their liberties for which our forefathers struggled, unless we have a Supreme Court to enforce the provisions of that Constitution.

Mr. President, three times in the history of this country, in periods of great political excitement, similar assaults have been made upon the power of the Supreme Court as that which was made in this Chamber this afternoon, and three times those assaults have failed because the American people are loyal to the principles which were established by our ancestors more than 140 years ago.

Mr. President, when the Constitution of the United States was adopted the people of the Colonies had just passed through the sufferings of a long, weary, and terrible war for liberty. They were determined to write their Constitution defining the rights and liberties of the American people, defining the powers of the legislature, prohibiting it from overstepping the bounds of constitutional limitations, and preserving forever the liberties written in that immortal document.

Mr. President, the principles of the Bill of Rights and many of the principles on which this Government is founded and which are written in the Constitution were not discovered by

the men who wrote the Constitution. Many of them were principles for which the Anglo-Saxon race had struggled for 600 years since the memorable day at Runnymede; they were principles which had long been struggled for in the upward progress of the human race.

Not only that but the men who wrote the Constitution and the great men who interpreted it in the campaign for its adoption by the States perfectly understood that there was vested in the Supreme Court the power to declare an act of Congress unconstitutional if it violated the fundamental law of the United States—the Constitution. It was so announced by at least 20 of the delegates to the convention which framed the Constitution, and only 3 dissented from that view. It was so announced by Alexander Hamilton and Madison and by others in that the greatest of campaigns before the American people, the campaign for the adoption of the Constitution. That doctrine has been sealed by repeated decisions of the Supreme Court of the United States from the earliest day of our judicial history, even before the case of Marbury against Madison, down to the present time, in a long line of decisions, and there has been no decision to the contrary by any branch of the judiciary of the country. And why? Marshall pointed out the reason, namely, that it was necessary for the preservation of the American form of government that the legislative department should not have a right to overstep the bounds fixed by the written Constitution.

Oh, says the Senator from Oklahoma——

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER (Mr. FRELINGHUYSEN in the chair). Does the Senator from Minnesota yield to the Senator from Iowa?

Mr. KELLOGG. No; I can not yield, because I only have a moment.

The PRESIDING OFFICER. The Senator from Minnesota declines to yield.

Mr. KELLOGG. "Oh," says the Senator from Oklahoma, when asked the question what would happen under his proposal if the Congress should pass a law providing for unreasonable searches and seizures and providing further that the papers so unlawfully taken could be used to convict a man of a crime, "I decline to assume such a condition." Yet such an attempt was made in this country, and the Supreme Court of the United States declared it unconstitutional.

The Constitution would not have been adopted but for a general understanding that there was to be annexed to it certain amendments known as the Bill of Rights. Let me refer to them for a moment. The first amendment provides:

> Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof; or abridging the freedom of speech or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

Those are immortal principles for which not only our ancestors struggled in the Revolution but for which generations before them struggled. If Congress shall pass a law in violation of those principles, has the Supreme Court no right to declare it unconstitutional?

Again, Mr. President, the Bill of Rights provides that—

> The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated.

That is the principle for which, as we know, the English-speaking race struggled for hundreds of years, and the men who wrote our Constitution proposed to put it where no legislature could take it away in the hour of passion. Again—

> No person shall be held to answer for a capital or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property without due process of law; nor shall private property be taken for public use without just compensation.

These are not merely expedients of Government; they are the everlasting principles on which our liberties depend and which were fought for on fields of battle and sanctified by the blood of martyrs. Are we to take them away by saying that any legislative body shall have the sole power to construe a law to determine whether it is in violation of that immortal document?

Mr. President, the genius of this Government, its true conception has been stated by a long line of jurists and statesmen from Marshall to the present time.

I know that at times, when legislative bodies or political parties have been restive under the restraints of the Constitution, there has been an agitation for an amendment to take from the Supreme Court the power to declare unconstitutional a law in violation of American rights under the Constitution; but the good sense of the American people always has prevented it. Under our form of government, under that Constitution, the greatest protection to human liberty ever written, we have grown from a little fringe of civilization along the eastern coast to a mighty Nation. We have increased in wealth and in prosperity and in happiness under a Constitution that has protected the American people. To say that that protection shall be taken away in the hour of prejudice or passion is to endanger the foundations of the Government and to endanger the principles of human liberty.

In three Congresses, at least, has this been attempted, and in three Congresses it has failed. I hope I shall never live to see the day when any Congress will propose to the American people the destruction of the Constitution by taking from the court the power to say that a law violates its principles, because upon that construction of our Constitution and upon the courts rests the perpetuity of American Government and American institutions. May that Constitution not only be, as it has been, a shield and a protection to us in times of stress and storm but may it be a protection to us through the generations and the centuries to come.

Mr. COLT. Mr. President, I desire to say only a word.

A constitutional provision may be treated in three different ways. It may be treated as the supreme law of the land, it may be treated as on a parity with a statute, or it may be treated as a declaration of public policy.

Under our Constitution, the provisions of the Constitution are directly made the supreme law of the land, and hence they are not upon a parity with a statute, because the Constitution says "the laws of the United States which shall be made in pursuance thereof."

Under the constitutions of Great Britain, of the Scandinavian countries, of Italy, and of New Zealand, the so-called constitutional provisions are treated as on a parity with the statutes, and therefore the parliament or congress may change or amend them.

Mr. NELSON. Mr. President, will the Senator allow me one interruption?

Mr. COLT. I yield to the Senator from Minnesota.

Mr. NELSON. The only other country in the world whose system of government conforms to ours, where the supreme court can declare a law unconstitutional, is the little country of Norway. It is the freest country in Europe. It has a government as free as that of this country; and in that country the supreme court can declare an act of the Parliament unconstitutional.

Mr. COLT. I was taking Lord Bryce's statement of the countries where the so-called constitutional laws are on a parity with statutes.

France has a written constitution, and Belgium has a written constitution. The provisions of those constitutions are not laws, and never have been treated as laws. They are treated as mere declarations of public policy, to be enforced by the public opinion of the country.

That is the French and the Belgian system. Under the Constitution of the United States, however, in express language, the provisions of the Constitution are made the supreme law of the land, and the Supreme Court has jurisdiction over all cases at law and equity arising under that Constitution. Hence, our Constitution in form is differently framed from the French constitution.

Our Constitution expressly says that its provisions are the supreme law of the land. If Congress can pass any act that it pleases in violation of these provisions, then these provisions, including the Bill of Rights, are no longer laws. They are mere declarations of public policy. Laws are rules of conduct enforceable by the courts. That is the only definition of municipal law known to the Anglo-Saxon race; and if the Constitution of the United States is the supreme law of the land, it is a law which must be enforced by the only tribunal that we have for judging and enforcing, namely, the Federal courts.

What is the Supreme Court going to do in a given case? Suppose a statute were passed saying that the salaries of the justices of the Supreme Court should be only $1,000 a year, in violation of an express provision of the Constitution. That case comes before the Supreme Court. The plaintiff relies upon the provision of the Constitution prohibiting any decrease in such salaries. The defendant relies upon the statute. The court must decide in favor of either the plaintiff or the defendant. The judges are bound by their oaths to support the Constitution of the United States. What judgment is the court going to enter? If it enters judgment for the defendant, then it must hold that the constitutional provision is on a parity with a statute, and is not the supreme law of the land; but if the

constitutional provision is the supreme law of the land, the court must decide in favor of the plaintiff.

You are striking right at the very essence and foundation of the Constitution when you say that Congress can pass any law it pleases, regardless of the supreme provisions of the Constitution. Those provisions then become no longer laws enforceable by the courts. They are either on a parity with statutes, or else they are mere declarations of public policy.

That is all I desire to say.

Mr. BROOKHART. Mr. President, I desire to reply to some of the remarkable positions taken here to-day with reference to the relative positions of the Congress and the Supreme Court under the Constitution of the United States, but because of the lateness of the hour I will not proceed at this time, but I give notice that I shall proceed, if I can be recognized, on Monday.

JAPAN—A SEQUEL TO THE WASHINGTON CONFERENCE.

Mr. ROBINSON. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Mr. Hector C. Bywater on the subject "Japan—A Sequel to the Washington Conference."

Mr. Bywater is a British naval critic and the author of the volume "Sea Power in the Pacific." The article reflects a viewpoint which I am satisfied will prove astonishing to some Senators and interesting and important to all. I had expected to bring to the attention of the Senate some of the paragraphs in this article; but, in view of the lateness of the hour and the pressure of other business, I ask leave that the article be printed in the RECORD in 8-point type, and I call it to the attention of Senators.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

JAPAN—A SEQUEL TO THE WASHINGTON CONFERENCE.

(By Hector C. Bywater, a British naval critic and author of Sea Power in the Pacific.)

[Reprinted from the Atlantic Monthly, February, 1923.]

I.

Sufficient time has now elapsed since the Washington conference to enable us to gauge the effect of its leading decisions on the naval position of Japan; and a study of this subject is rendered the more opportune in consequence of recent developments in the Far East which seem likely to react upon the naval policies of other powers.

The initial fact that emerges from a survey of the situation to-day is the patent failure of the conference to achieve its main purpose, namely, to check the further expansion of sea armaments in any and every shape or form. It has undoubtedly been successful in arresting the multiplication of capital ships, which are at once the most costly and—to the lay mind, at all events—the most aggressive instruments of sea power; but, through causes too notorious to need repetition, it imposed no veto on the building of other combatant types, save airplane carriers, and at least one signatory party has deemed it expedient to take full advantage of this omission. The result is that to-day, barely 12 months after the acceptance of the limitation treaty, a revival of shipbuilding competition seems inevitable if the balance of power as regulated by that treaty is to be maintained.

To state the case in a sentence: Japan, by diverting to the construction of cruisers and submarines no small part of the energy she formerly expended on capital ships, will soon be in possession of a fleet of auxiliary combatant vessels superior in some respects to that of any other power. The ratios of international strength formulated by the authors of the treaty have thus been upset, unless we assume the capital ship alone to possess any fighting value—an assumption manifestly absurd. Indeed, the relative importance of auxiliary craft has increased very considerably as the result of limiting the number of heavy ships. Therefore, when we find that Japan during the last five years has built or ordered no less than 23 light cruisers, as against a collective total of 16 for Great Britain and the United States, it would be futile to pretend that the Washington agreement has either stabilized naval strength on anything like a comprehensive basis, or relieved the naval authorities of Britain and America of all anxiety as to the future.

So far is this from being the case that at the moment of writing the United States Navy Department is understood to have in preparation a large program of auxiliary construction; and it seems only a question of time before the British Government will be compelled to take similar measures.

Japan, to do her justice, has been perfectly frank with regard to her postconference naval policy. Her intentions have been advertised to the world, even if their full significance has not been unduly stressed. She justifies her formidable program of auxiliary tonnage on two grounds: First, that it is necessary in order to save the national shipbuilding and kindred industries from the ruin that would have overtaken them had all naval construction come to a standstill; secondly, that the additional cruisers and submarines are really needed to compensate for the reduced strength of the battle fleet.

As regards the first argument, it is no doubt true that the sudden stoppage of all shipbuilding for the Navy would have been a most serious blow, not merely to the trades directly concerned but to the whole economic system of the country.

A few facts and figures bearing on this point will not be out of place. Under the impetus of conditions set up by the World War the industries of Japan flourished amazingly for a few years, and shipbuilding in particular was developed to a remarkable extent. In 1914 the number of yards producing seagoing ships did not exceed 6; by 1918 there were 57 such establishments in operation. The slump of 1920 drove more than half these newer yards out of business, and in August of last year only 26 remained.

At the close of the war, when orders for mercantile tonnage began to fall off and at length almost entirely ceased to come in, the shipyards were forced to depend for their existence largely on admiralty contracts. From their point of view the big naval program of 1920 was a veritable godsend. Irrespective of smaller vessels, it provided for the construction within eight years of a fleet of 16 capital ships, with an average displacement of approximately 42,000 tons, and of this number at least one-half were to have been built in private yards. Under the Washington agreement no less than 14 of these vessels were canceled, including six that were already building. When this decision became known in Japan there was an outcry from the shipbuilders, who saw themselves faced with ruin, and even louder protests came from the shipyard workers, who form one of the best-organized branches of Japanese labor.

According to official statistics there were in Japan nine large private yards that were generally engaged in warship construction, employing between them 96,000 hands, and four naval dockyards, employing some 61,000 hands. Consequently the number of workers who were interested in the building of warships was 157,000, of whom, it was estimated, 50 per cent would be thrown out of employment through the canceling of battleship orders alone. Had auxiliary ships been included in the limitation scheme, the percentage of men rendered workless would have been as high as 75.

Even as it was, organized labor became dangerously restive. Mass meetings of shipyard employees were held and violent speeches made against the Government for having "betrayed" the workers. Agitators, who had previously complained most bitterly of the burden of armaments, were now foremost in opposing a reduction of that burden.

It has been hinted in some quarters that this popular clamor against the suspension of warship construction was by no means distasteful to the Government, who saw in it an excellent excuse for continuing the development of the navy on as large a scale as was possible without transgressing the letter of the treaty. Be that as it may, generous concessions were granted with a promptitude that was rather surprising in view of the tendency of officialdom in Japan to resist any form of dictation by the masses.

Less than a month after the Washington conference dispersed it was announced at Tokyo that an agreement had been come to between the Government and the shipbuilders whereby the latter would be provided with other work in lieu of the countermanded battleships, and the wholesale discharge of shipyard workers would thus be avoided. The scheme was to retain practically intact that part of the 1920 program which related to auxiliary ships and to advance the dates of laying down these vessels. For example, contracts for cruisers which it had originally been intended to begin in 1923, 1924, and 1925, respectively, were to be antedated 12 months, so that the normal building programs of 1922, 1923, and 1924 would in each case be increased to that extent. In other words, twice as many auxiliary ships were to be laid down each year as the original program had legislated for. This plan embraced destroyers, submarines, and supply ships in addition to cruisers.

In alloting the new contracts special regard was had to the claims of the shipyards which would have benefited most under the preconference battleship program, orders for new light cruisers going to those State and private yards which had been promised or were already at work upon battleships and battle cruisers. The largest cruisers will therefore be constructed at the imperial dockyards of Kure and Yokosuka and the private establishments of Kawasaki and Mitsubishi and smaller units of this type by the Sasebo Arsenal and the Uraga Dock Co. At the same time contracts for destroyers, sub-

marines, and fleet-supply ships are being distributed among the yards named and also among other establishments which suffered through the recision of the preconference program. Furthermore, extra work has been provided for the State dockyards by assigning to them the dismantling of condemned ships.

By these measures the crisis in the shipbuilding industry has been largely overcome, all the principal yards throughout the country have a fair amount of work in hand, and it has been necessary to discharge only a comparatively small number of workers.

On the other hand, the cost of all this auxiliary tonnage will be heavy enough to wipe out a great part of the sum saved by scrapping the capital-ship program, and the net saving effected in new naval construction will consequently be much less than the taxpayers had anticipated. There are not wanting those in Japan who censure the Government for adopting this policy of "robbing Peter to pay Paul." It would, they contend, have been better to encourage the shipyards to develop other branches of activity than naval construction, such as the manufacture of locomotives and other railroad and street-car material, iron and steel work parts for bridges and structures, industrial power plants, automobiles, and the like, as has been done by European armament firms since the war.

As it is, the critics declare, the wealth of the nation is being dissipated on fighting ships, which apparently have been ordered simply to keep the shipyards in operation and not because they are absolutely essential for defense purposes.

Another and still graver objection urged against the Government's policy is that this sudden expansion of the auxiliary combatant fleet may evoke suspicion abroad as to Japan's bona fides in respect to disarmament and lead other powers to strengthen their fleets in the same way, thus ushering in a new era of naval rivalry and mutual distrust. That these apprehensions are well founded has already been made clear by the reported action of the American naval authorities in drawing up a new program to counterbalance Japan's growing strength in cruising ships and submarines.

Figures showing the actual reduction that has been effected in Japan's naval expenditure by the limitation scheme are not yet available, but the gross amount appears to be in the neighborhood of 100,000,000 yen.

In 1920 the navy budget amounted to 320,000,000 yen, or nearly twice as much as it had been three years previously; and subsequent additions, due to the passing of the "eight-eight" program, brought the gross amount to nearly 500,000,000 yen. In the following year another big increase was made, and, but for the limitation scheme, naval expenditure during the current year would have been not far short of 750,000,000 yen.

According to Tokyo press reports the naval estimates submitted in July last provided for an ordinary expenditure of 120,000,000 yen and for an extraordinary outlay of 198,000,000 yen, showing decreases of 15,000,000 and 60,000,000 yen, respectively. On October 30 it was announced that the finance department had further reduced the navy estimates in the forthcoming budget by 30,000,000 yen, making a total reduction of over 100,000,000 yen, or approximately one-seventh of the amount that would have been spent on fleet armaments this year had the "eight-eight" program remained in force.

This saving is accounted for almost entirely by the deletion of the capital ships and the abandonment of new docks and harbor works; only a very small percentage is due to reductions in personnel; and, as we have seen, the bill for auxiliary construction, so far from showing any cut, has been greatly increased. Some money will also be saved by giving up Port Arthur as a naval station and reducing the status of the Maizuru base.

As no precise figures of the cost of man-of-war construction are published in Japan the expenditure that will be incurred by virtually doubling the auxiliary building program over a term of several years can be only roughly estimated. It is known, however, that the light cruisers of the *Kuma* class, 5,500 tons, have cost nearly $5,000,000 each; that the 7,500-ton ships of the *Yubari* class are priced at about seven and a half million dollars; and the new 10,000-ton ships, four in number, at not less than $10,000,000 each. First-class destroyers, of which many are building and 24 projected, probably cost one and a half million dollars per boat; the medium submarine—900 tons—about the same, and the new large type—1,500 tons—$3,000,000.

These prices are, if anything, underestimated, the cost of naval construction being abnormally high in Japan despite the relative cheapness of labor. In any case, it is sufficiently obvious that a program which embraces not less than 15 cruisers, ranging from 5,500 to 10,000 tons, 40 destroyers, and 50 submarines, besides a great many supply and depot ships, will eventually cost an enormous sum of money.

II.

It is patent to everyone that Japan is at present building more combatant tonnage than any other power, but what is not so generally appreciated is the fact that she is actually building more tonnage of this description than all the other powers combined. Once more it must be emphasized that the so-called "disarmament treaty," while certainly bringing dreadnought construction almost to a halt, has not only done nothing to limit the building of other man-of-war types, but has actually increased the number of these vessels in the case of Japan, and in all likelihood will eventually produce a corresponding expansion of the auxiliary ships of other navies.

It would occupy too much space to narrate in detail the various strategical reasons which the Japanese naval authorities have put forward, through the medium of the press, to justify the building of so many "auxiliary combatant ships"; but their argument may be summarized as follows: The battle fleet has been so reduced under the limitation agreement that it will no longer be capable of fulfilling its proper function, namely, going out to seek and engage an enemy fleet on the high seas; but must henceforth be kept in reserve as a last card, only to be played if and when the enemy's preponderance has been reduced or destroyed by tactics of attrition. Therefore to compensate for the loss of direct offensive power formerly vested in the battle fleet, Japan requires for her safety an unusually strong force of minor weapons of attack. She particularly needs an ample supply of swift ocean-going cruisers to guard her own communications and harass those of an enemy, and also to prey upon his commerce, with the ulterior purpose of diverting part of his strength from the immediate war zone.

For the same reasons it is essential to have a large fleet of ocean-going submarines which could be used alternatively for coast defense, for near and distant mine-laying expeditions, and for raiding commerce. The twofold problem confronting the Japanese Navy in war would be to maintain, as far as possible, the freedom of the ocean trade routes, and, above all, to guard communications with the Asiatic continent, which would represent a vital and indispensable source of supply for foodstuffs and raw materials. In the absence of a really effective battle fleet—effective, that is, in the sense of being able to engage the battle fleet of any potential enemy with reasonable prospects of success—these strategic tasks can best be performed by cruisers and submarines.

As regards the loss of power resulting from the limitation of the battle fleet to 10 ships this, it is argued, is far more serious than might be inferred from superficial observation. Four of the ships are battle cruisers of a design which post-war progress has made obsolete, and which could not be placed in the line of battle without exposing them to grave risk of summary destruction. This brings the battle fleet proper down to six ships, none of which could possibly be replaced if lost or disabled.

Japan is, therefore, at a grave disadvantage as compared with Britain and the United States, since their infinitely greater resources would enable either of those powers to build new capital ships very rapidly in place of any that were lost in action.

Another important factor in the revised scheme of defense is the chain of outlying naval bases with which Japan has girdled herself during the past few years; and, apropos of this subject, there can be no harm now in disclosing certain facts of which the American public has, perhaps, hitherto remained in ignorance.

In the fall of 1920 the Japanese naval authorities in cooperation with the general staff worked out a scheme for fortifying the principal islands that guard the approach to the coasts of Japan proper. This measure was intended to counteract the then impending development of Cavite and Guam as first-class bases for the American Pacific Fleet.

In September, 1920, a committee of experts, headed by Captain Mori, of the navy department, visited all the islands in question, reporting that the points where strong fortifications and naval facilities were needed most urgently were the Bonin Islands, Amami-Oshima, and Yajima in the Loochoo group. This report having been approved by the Government, steps were immediately taken to carry the proposals into effect, and the work of fortification was put in hand early in 1921.

For reasons of finance it was intended to spread the appropriations over two, if not three, years, as in view of the slow progress being made with the American works at Cavite and Guam it was thought that the completion of the Japanese insular bases might safely be prolonged till the end of 1922. But in the spring of last year (1921) it became known at Tokyo that the United States Government was meditating an appeal to the powers to join in a conference for the reduction of naval armaments, and this news decided the Japanese authorities to

speed up the completion of their island forts, with the object of putting themselves in a favorable position strategically before the conference was summoned.

Consequently from May, 1921, the work at the Bonins went on with feverish energy. A large fleet of steamers was chartered to convey thither the thousands of laborers and the vast quantities of material needed to complete the task. So great was the demand for cement that a temporary shortage of this material ensued. Throughout the summer and autumn building operations went on night and day, and during this period the Bonin Islands were under a military administration which maintained a strict surveillance over visiting foreign ships. The Japanese press was also forbidden to publish any mention of what was in progress at the islands.

By December the last of the batteries had been constructed and armed with heavy long-range guns, the barracks, munitions depots, aerodrome, and radio station had been constructed, and every navigable approach had been rendered impregnable.

Meanwhile the Washington conference had assembled, and Admiral Baron Kato, of the Japanese delegation, had taken the first opportunity to inform his American colleagues that Japan regarded the abandonment of the Philippine and Guam fortifications as the condition precedent to negotiations for the reduction of her shipbuilding program. If the United States would agree to this, Japan, on her part, was prepared to suspend her own plans for fortifying her Pacific islands and would at the same time cooperate most willingly in any practicable scheme for limiting her floating armaments.

Baron Kato did not add, however, that Japan, having been secretly engaged in fortifying her island bases for many months previously, had just completed the work, whereas scarcely any progress had been made in the development of the American stations at Cavite and Guam.

III.

Whether the American naval experts were cognizant of the facts is a moot point, but it seems scarcely credible that they would have acquiesced in the status quo proposal for Pacific bases had they known that Japan was already in possession of a thoroughly equipped naval station at the Bonins. If they did know this, one is forced to conclude that their protests against the renunciation of the right to put the western islands in an adequate state of defense were overruled by the Washington Cabinet on political grounds.

In any case Japan scored a signal triumph in securing the adoption of the status quo agreement with regard to Pacific fortifications. From her point of view it was a strategical gain of the first magnitude, which more than compensated for the reduction of her battle fleet.

That the full significance of the clause has come to be appreciated by American naval students is clear from certain outspoken criticisms which have appeared recently. The Japanese Foreign Office, betraying a sense of humor for which few would have given it credit, issued the following communiqué on February 22 last:

"The treaty on the limitation of naval armaments signed at Washington on February 6, 1922, comes into force upon its ratification by all contracting powers. With regard, however, to certain fortifications and naval bases of the British Empire, the United States, and Japan in the region of the Pacific Ocean, it is provided in Article XIX of the treaty that the status quo at the time of its signature shall be maintained. In conformity with the spirit of this provision, the Japanese Government have decided forthwith to discontinue the work on the fortifications in the Bonin Islands and Amami-Oshima, and further to maintain the existing condition of fortifications and naval bases in Formosa and the Pescadores. The necessary measures for giving effect to this decision have already been taken."

Napoleon's dictum that "war is an affair of positions" applies to the sea no less than to the land, and to a far greater degree than was the case a century ago. A fleet in those days was largely self-supporting, and could remain at sea for months at a time independent of bases, because it had no fuel problem to contend with. But the conditions to-day are vastly different. The "reach" of a modern battle fleet can be measured with almost mathematical precision, governed as it is by the number and situation of the points d'appui available. In time of war no fleet dare venture to cruise for long in waters where ample facilities for refueling do not exist. If the ships of which it is composed have an average fuel endurance of, say, 10,000 miles, that does not mean that they would be able to advance to a point 5,000 miles from home and still be sure of getting back in safety, for the maximum cruising radius of a ship is always reckoned in terms of economical speed and bears no relation to the distance that could be steamed if the engines were running at full power. Thus a battleship able to cover 10,000 miles at a constant speed of 12 knots might be unable to travel more than 3,000 miles at her full speed of 21 knots—and in war-zone operations high-speed steaming is the rule rather than the exception. To cruise under a small head of steam in waters where enemy submarines might be encountered would be to risk destruction.

Now, the only insular base in the Pacific where the American battle fleet could be sure of finding adequate supplies of fuel is Hawaii, and we are therefore justified in assuming that 2,000 miles represents the utmost distance to which the fleet could venture to the west or south of Hawaii in time of war; and even this would leave a dangerously narrow margin of fuel for emergencies. But if America fights in the Pacific at all, she will fight for definite objects, among which will be the protection or—what is far more likely—the recovery of the Philippines, and to gain these objects she must be prepared to undertake active naval operations in the immediate zone of war, namely, the far western Pacific.

How this is to be done without local base facilities is a problem which apparently defies solution. It is certain that in their present defenseless condition, now to be stereotyped by the treaty, both the Philippines and Guam would become Japanese in the first weeks of war.

This is fully realized and freely admitted by American strategists, but it is interesting, nevertheless, to have Japanese testimony on the point. In the Dai Nihon of August, 1921, a thoughtful monthly review published at Tokyo, the editor, Mr. Seijiro Kawashima, discussed the probable course of hostilities between his country and the United States, and affirmed that should the outbreak of war find the main American naval forces at Panama, San Francisco, or even at Hawaii, "it will be open for Japan to take the Philippines, indeed Guam. * * * Should the worst happen, therefore, Japan would risk everything to destroy these two bases, and the ferocity with which she will fight may well be imagined." Clearly, therefore, the islands in question must be ruled out of any objective examination of the task that would confront the United States Navy in a war with Japan.

IV.

It remains, then, to consider how far offensive operations in the western Pacific would be feasible without bases. From Hawaii to the nearest Japanese coast is some 3,400 miles, making 6,800 miles for the round voyage, which would be well within the cruising capacity of modern battleships at economical speed.

But, as was emphasized above, ships steaming at low speed in an area frequented by hostile submarines would be in continual danger of attack. To be reasonably safe from submarines they must not only steam at a high rate of speed, but make frequent alterations of course, a method of progression which involves an abnormally heavy consumption of fuel in traversing a given distance.

It is therefore extremely doubtful whether the fuel endurance of the ships would suffice even for the outward journey of 3,400 miles; and if the fleet found itself close to the enemy's coast with empty bunkers and no friendly base at hand it would be exposed to certain annihilation.

Consequently, on the surface of things, it looks as if the American Navy would be physically incapable of undertaking major war operations in the western area of the Pacific; there is no visible means whereby the fatal handicap of nonexistent bases might be overcome. It is as if the United States, in pledging itself not to proceed with the fortification of its distant islands, had voluntarily surrendered not merely the power to defend these possessions, but the power to defend its interests in the Far East generally, no matter how vital they are or may become in the future.

Japan, on the other hand, has gained a strategical predominance in her adjacent waters far exceeding that which she could ever have hoped to achieve had the competition in naval armaments pursued its normal course. For good or ill, the doors of the Far East have been slammed, barred, and bolted, and the keys placed in Japanese keeping.

The British Empire, it is true, might be in a position to dispute this supremacy, thanks to its actual and potential base resources in the Pacific; but here again the factor of distance would come into play on the side of Japan by making sustained offensive operations against her coast next to impossible, even for a greatly superior British fleet pivoted on Singapore, New Guinea, or Australian harbors.

If these premises are sound they seem to warrant the conclusion that a naval war between the United States and Japan would speedily result in a stalemate, affording no opportunity for a decision by direct action from either side, since the oppos-

ing battle fleets would be unlikely to come within several thousand miles of each other. It is here, however, that the significance of the large program of minor naval construction, upon which Japan is now engaged, may be manifest.

Since history contains no record of a war having been decided wholly, or even mainly, by the destruction of maritime trade, the greatest authorities have always excluded the guerre de course from the domain of grand strategy, relegating it to a subsidiary place in the general scheme of belligerent operations at sea. Nevertheless there was one period of the World War when it seemed as if science had placed in Germany's hands the means of undermining what had come to be regarded as a fundamental principle of naval strategy. The submarine campaign came very near to breaking the resistance of the Allies, and did, in fact, produce that anomalous situation in which the power supreme at sea, whose warships held undisputed command of the ocean surface in nearly every part of the world, nevertheless found its marine communications menaced to a highly dangerous degree, and was able only by superhuman exertions to maintain the minimum amount of sea-borne traffic essential to the further conduct of the war.

At an earlier stage of the struggle grave loss was caused to shipping by the few German cruisers which were at large when the war began. It took a good many months to dispose of these surface corsairs, and the task was accomplished only by diverting a numerous force of swift cruisers from other war service and sending them to scour every ocean area where the raiders were likely to be met with.

Comparatively large as was the fleet of cruising ships at the disposal of the Allies, it barely sufficed to meet this demand. Had fewer ships been available the German commerce destroyers would have enjoyed a much longer lease of life, and the embarrassment they caused must have been infinitely more serious.

Among naval men a firm conviction obtains that the next great war will inevitably witness the revival of submarine attack on merchant shipping, since they believe that parchment safeguards against this practice will soon collapse under the stress of war. Assuming then that the naval methods in vogue during the World War are likely to reappear in the event of a Pacific campaign, the advantages which Japan would derive from her powerful fleet of cruisers and submarines are obvious. They would enable her, while maintaining her battle fleet intact behind its impregnable barrier of insular and coastal defenses, to wage ruthless war against her enemy's trade and communications.

When the current building program has been completed she will possess at least 25 modern cruisers of great speed and wide radius of action, together with more than 70 submarines specially designed for prolonged voyaging, the majority of them being well able to cross and recross the Pacific Ocean without needing to replenish their fuel.

V.

What resources has the United States Navy to deal with this immense fleet of potential commerce destroyers? On the basis of recent war experience it has been estimated that from four to six fast cruisers are required to circumvent the activities of one enemy surface raider; while some idea of the tremendous array of force necessary to cope with submarine attack on merchant shipping is conveyed by the fact that upward of 3,000 patrol craft of every type were kept in service by Great Britain alone, though the Germans never had more than 30 U-boats at sea simultaneously.

At the present time there are only 10 modern cruisers built or building in the United States. Even if all these ships were released from duty with the fleet in order to protect trade routes, what could they hope to achieve against 25 enemy raiders with speeds not inferior to their own?

The task would, of course, be hopeless from the start. Unless, therefore, the convoy system were adopted—and this would be at once a difficult and a precarious business under the peculiar conditions governing warfare in the area we are considering—American merchant shipping would, in all probability, be swept from the Pacific very soon after the outbreak of hostilities with Japan.

While there is not the least reason to suppose that this blow would force the United States into submission, the combined loss of trade and prestige resulting therefrom would be a serious matter. Nor would it be possible to retaliate with any marked effect; for the same dearth of cruisers that rendered the United States powerless to protect its overseas trade would debar it from molesting the communications of the enemy.

Moreover, provided that her connections with the Asiatic mainland were secure, Japan could afford to dispense for a time with other external sources of supply, and practically the whole of her cruisers and submarines, having but little patrol duty, would be free to engage in offensive operations.

Thus the widely held idea that a war in the Pacific must speedily end in a deadlock, in which neither opponent could inflict any appreciable damage on the other, is seen to be fallacious. It would have been sound enough had the naval limitation agreement embraced all types of fighting craft; but the failure of the conference to extend the ratio system to cruiser and submarine tonnage has completely altered the situation.

In view of the foregoing considerations, it would cause no surprise to learn that American naval authorities entertain profound misgivings with regard to future developments in the Far East. That their responsibilities have been immeasurably increased by the limitation treaty is self-evident. Indeed, it might be affirmed without fear of contradiction that the treaty, by depriving the United States of all power to intervene by force of arms, has placed her interests in the Far East completely at the mercy of a foreign State, upon whose good will they must henceforth depend. The task of defending them against aggression would have been difficult enough had the naval limitation scheme never been conceived. As things are, their defense—by warlike action, at any rate—has to all appearances become impossible.

LANDS IN WYOMING.

Mr. WARREN. Mr. President, I ask unanimous consent for the present consideration of Senate bill 4146. It refers to a little local matter in my State; and as I may not be in the Chamber on Monday morning, I should like to have it considered and passed at this time.

The VICE PRESIDENT. Is there objection to the present consideration of the bill referred to by the Senator from Wyoming?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 4146) granting certain lands to Natrona County, Wyo., for a public park.

The bill had been reported from the Committee on Public Lands and Surveys with an amendment to strike out all after the enacting clause and to insert:

That upon delivery to the Secretary of the Interior by the State of Wyoming of its properly executed and duly recorded deed or deeds reconveying to the United States of America in fee simple the lands in section 36, township 36 north, range 86 west of the sixth principal meridian, containing approximately 640 acres, the said State shall be authorized and permitted to select an equal number of acres from the unreserved, nonmineral, nontimbered, unappropriated public lands of the United States in said State, for the same purposes, and subject to the same conditions and limitations under which the lands so reconveyed were held.

SEC. 2. That when the title to section 36, township 36 north, range 86 west of the sixth principal meridian, shall have revested in the United States pursuant to the foregoing provisions, the Secretary of the Interior shall cause a patent to issue conveying the said section 36, township 36 north, range 86 west, together with the north half of section 1, township 35 north, range 86 west of the sixth principal meridian, to Natrona County, Wyo., in trust for the purpose of a public park, but in said patent there shall be reserved to the United States all oil, coal, and other mineral deposits within said lands and the right to prospect for, mine, and remove the same.

SEC. 3. That the grant herein is made upon the express condition that within 30 days of the receipt of any request therefor from the Secretary of the Interior the county clerk of Natrona County, Wyo., shall submit to the Secretary of the Interior a report as to the use made of the land herein granted the county during the preceding period named in such request, showing compliance with the terms and conditions stated in this act; and that in the event of his failure to so report, or in the event of a showing in such report to the Secretary of the Interior that the terms of the grant have not been complied with, the grant shall be held to be forfeited, and the Attorney General of the United States shall institute suit in the proper court for the recovery of said lands.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill permitting the State of Wyoming to reconvey certain lands to the United States and select other lands in lieu thereof, and providing for the patenting of certain lands to Natrona County, Wyo., for public park purposes."

EUGENE FAZZI.

Mr. FRELINGHUYSEN. Mr. President, I ask unanimous consent for the immediate consideration of House bill 3461, for the relief of Eugene Fazzi, a bill now on the calendar. I do not think there will be any objection to it.

The VICE PRESIDENT. Is there objection to the consideration of the bill?

Mr. ROBINSON. Mr. President, I give notice now that in view of the unanimous-consent order entered to-day for the consideration of all unobjected bills on the calendar on Monday,

I shall hereafter object to the consideration to-day of any bill on the calendar. I shall not object to the present consideration of this bill.

Mr. McNARY. May I ask the Senator from Arkansas if he will not make an exception in the case of a bill I have here—a very important bill?

Mr. ROBINSON. I shall adhere to the announcement. An opportunity to consider all these bills will be afforded on Monday, and it is a bad practice out of the morning hour to call up for consideration bills on the calendar. There is really no necessity for taking them up by unanimous consent now, because the Senate has entered an order to proceed to the consideration of all unobjected bills during the morning hour Monday, and everyone knows an objection will take over any bill brought to the attention of the Senate. I have not objected to the request of the Senator from New Jersey because no notice had been given, but it is now very late, there are comparatively few Senators present, and I shall ask other Senators not to bring forward measures this afternoon.

The VICE PRESIDENT. Is there objection to the immediate consideration of the bill?

Mr. HARRISON. What does the bill provide?

Mr. FRELINGHUYSEN. I will explain it. The beneficiary was a deck hand on a Quartermaster Corps boat, the *Johnston*. His leg was cut off by a tow line, and the bill was introduced to compensate him.

Mr. HARRISON. I recall the facts.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Eugene Fazzi, the sum of $768, as compensation for the loss of a foot, on March 8, 1916, while in the discharge of his duty as a deck hand on the steamship *General Joseph E. Johnston*, in the service of the Quartermaster's Department, United States Army.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

PRICE OF COAL.

Mr. REED of Pennsylvania. I ask unanimous consent that there be inserted in the RECORD, in 8-point type, the following letter from John H. Jones, of Pittsburgh, addressed to the Hon. DAVID I. WALSH, junior Senator from Massachusetts.

There being no objection, the letter was ordered to be printed in the RECORD in 8-point type, as follows:

FEBRUARY 14, 1923.

Hon. DAVID WALSH,
United States Senate, Washington, D. C.

DEAR SIR: After having carefully read your interview in the New York Times, we wired you as follows:

"Have carefully read your statement Sunday, February 11, New York Times. We are prepared to ship entire requirements of New England States, high grade, high volatile, bituminous steam or domestic lump steam, mine run, $3.25 per net ton f. o. b. mines; domestic lump, passing over three-quarter to 2-inch screen, $3.75 to $4 net ton f. o. b. cars at mine. Quality and preparation guaranteed; subject to inspection at mines; subject further to your furnishing railroad cars and transportation. Can arrange to load solid train daily to extent of requirements of your district. Coal to be shipped from mines in Pennsylvania and West Virginia. This coal similar to that now being furnished by us to the Taunton Gas Light Co., Taunton, Mass., and others in New England States. Also have mines in Ohio and Kentucky and can ship to any customer east of the Mississippi. We will be glad to have you refer any consumer east of Mississippi in need of coal to us immediately.

"BERTHA COAL CO.
"CONSUMERS FUEL CO.
"JOHN H. JONES, *President*."

(Paid—Charge us.)

We stand prepared to furnish bond of $100,000 to guarantee shipments as stated in our wire.

I am sure you will admit you have done the coal miners and operators of this country a great injustice in making such statements, as there is no shortage of bituminous coal to-day where transportation facilities are available.

Would it not be better when giving an interview to tell the public that the whole problem is one of transportation, and that the breakdown in transportation on the railroads has been brought about by a constant interference on the part of State and national agencies during the past 10 years? If these agencies will lend a helping hand to the railroads instead of continually interfering with them, there will be no shortage of railroad transportation for coal or any other commodity. What this country wants to-day is "more business in politics and less politics in business."

I note from your statement in the Times that the city of Lynn, Mass., is short of coal. On January 23, and even as recently as yesterday, we tendered coal to our customers in that city at less than $8 per net ton delivered at their plants, and we guaranteed delivery via rail and tidewater, but our customers advised us there was no shortage of coal at this point. Surely some one has exaggerated, or you have been badly misinformed on the conditions existing in that territory.

Our New York representative, Mr. G. N. Reed, telephoned Mr. H. K. Morrison, general manager of the Lynn Gas & Electric Co., Lynn, Mass., one of our customers, and offered to sell him coal at less than $8 per net ton delivered at his plant, and he advised our Mr. Reed that there was no shortage of coal at Lynn, Mass. The Taunton Gas Light Co., Taunton, Mass., one of our customers, advised us to the same effect over the long-distance telephone to-day. In both instances we have cited above we were able to secure transportation via all rail, or rail and tidewater, which would enable us to deliver coal at our customers' plants.

In conclusion, I wish to say that I feel it is not your desire to make such misleading statements to the public, and for this reason I have taken the liberty to address you on this subject. If you will make an investigation you will find there is enough coal loaded in boats now lying in Boston Harbor to take care of the requirements of that territory for some time to come, and additional stock can be rushed to this point on reasonably short notice.

Very respectfully yours,

JOHN H. JONES.

STANDARDS FOR FRUIT AND VEGETABLE HAMPERS AND BASKETS.

Mr. McNARY. Mr. President, I am sure the Senator from Arkansas does not want to make a harsh exception in my case, so I ask unanimous consent that the Senate proceed to the consideration of Senate bill 4399, to fix standards for hampers, round stave baskets, and splint baskets for fruits and vegetables, and for other purposes.

Mr. ROBINSON. I shall be compelled to object to the consideration of any other bills this evening.

The VICE PRESIDENT. There is objection.

TAXICAB RATES IN THE DISTRICT OF COLUMBIA.

Mr. HARRISON. Mr. President, I had expected to ask unanimous consent for the consideration of a joint resolution to-night, but because of the lateness of the hour and the temper of the Senate I shall not do it. I introduce the joint resolution and ask to have it referred to the Committee on the District of Columbia.

It is a joint resolution calling on the Public Utilities Commission to investigate the rates being charged in other cities by the owners and operators of taxicabs and public automobiles, to report to Congress their findings, and at the same time report to the District Commissioners, and the commissioners are directed to promulgate certain orders which will insure fair and reasonable rates on the part of taxicabs in the District of Columbia, and for the enforcement of the same.

The joint resolution (S. J. Res. 283) directing the Public Utilities Commission of the District of Columbia to investigate rates charged by taxicabs and automobiles for hire was read twice by its title and referred to the Committee on the District of Columbia.

THE MERCHANT MARINE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes.

Mr. JONES of Washington. Mr. President, there are two amendments, merely changing dates, which I would like to have acted on. The first amendment is on line 17, page 6, to change "1922" to "1923."

Mr. ROBINSON. What is the effect of the amendment?

Mr. JONES of Washington. It refers to the date of this act, if it should be passed. It is referred to as the act of 1922, but 1922 is past.

Mr. ROBINSON. It may have to be changed to "1924."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. JONES of Washington. The next amendment is on page 8, line 3, to change "1922" to "1923."

The amendment was agreed to.

Mr. JONES of Washington. I have here an address delivered by Mayor Curley, of Boston, Mass., on the shipping bill. There are two or three phrases in it which I thought Senators might

not like, so I have cut those out. Outside of that, I would like to have the address printed in the RECORD in 8-point type.

Mr. HARRISON. Does not the Senator want to have it read?

Mr. JONES of Washington. I would be glad to have it read.

Mr. HARRISON. Would not the Senator like to have it read on Monday instead of this afternoon?

Mr. JONES of Washington. No.

There being no objection, the address was ordered to be printed in the RECORD in 8-point type, as follows:

SPEECH MADE BY MAYOR JAMES M. CURLEY BEFORE THE NEW ENGLAND TRAFFIC CLUB AT THE COPLEY PLAZA, BOSTON, FEBRUARY 13, 1923.

Gentlemen, it is of course a trite saying, and yet one that can not be too often repeated, that the transportation problems of the world are the same everywhere; and stripped of all their fine phrases are merely a question of distributing commodities and connecting communities, with speed, safety, and efficiency, to the end that commerce may flow with freedom and security, industry function profitably and uninterruptedly, work and wages be constant, agriculture prosperous, and the peoples of the earth contented and peaceful. Transportation is the link that binds the uttermost ends of the earth together, the most potent factor in the maintenance and growth of civilization, and which, by bringing men together to exchange the products of their industry and the children of their brain, fosters confidence and promotes fraternity.

In proportion as transportation is hampered on land or sea by the folly, stupidity, craft, or indifference of men, as visualized in the enactment of unwise laws and the failure to enact wise ones, the benefits it should yield are stifled and deferred. Every needless burden laid on transportation is written eventually in terms of sterility and futility in the life of this country and the daily experiences of its people.

With all its alleged defects the land transportation system of America—our continental railroad system—is admittedly the best in the world, but where the rails end on the shores of the continent and transportation on the seas begin the American people are at their weakest and worst.

It is of our ocean transportation, our merchant marine, as the essential and imperative supplement of our railroad system I wish to speak to-night, the vital importance of which to our real national life and prosperity is not fully understood even here on the margin of that ocean, out of which came the wealth that made Massachusetts great in industry and commerce, and amid whose toils and dangers were fashioned the character and courage that made the men who stamped their names on American history and carried the fame of the Commonwealth to the ends of the earth.

The American merchant marine—American ships, under the American flag, carrying American goods to alien markets and bringing home to us the commodities we need in American industry—is a national necessity and not a commercial luxury; it constitutes not only a second line of defense behind our Navy for the safeguarding of our national security and integrity, but it is the first line of protection for the maintenance of our foreign commerce which takes care of our industrial surplus and insures the constancy and prosperity of our home market.

The merchant marine—the ships—that carry a nation's commerce, dominates the markets it serves; the nation whose commerce is carried to alien markets in alien ships is at the mercy of the carrier, and by the sheer logic of that fact must sink commercially to a subordinate place.

* * * * * * *

The American merchant marine is the natural and national extension of the American railroad system; it should and must be fostered and protected by the American Government for the benefit of the Nation, since it serves intimately and vitally all the people of America. The people of the agricultural West have been misled by the clever and persistent propaganda maintained and disseminated by the alien shipping interests whose headquarters are in Washington, and have been insidiously taught that the merchant marine is merely a selfish concern of American shipowners. This alien shipping organization—rich, powerful, and sleepless—maintains a lobby in the National Capital, whose agents and spokesmen oppose every effort to foster the American merchant marine, who appear boldly and insolently in committee rooms and have been able to delude Senators and Congressmen into enlisting under foreign flags to destroy the commerce and ships of America.

It is time to rouse ourselves before America is reduced to a condition of commercial slavery by the combination of unscrupulous foreign shipping concerns. The agricultural interests of the West are seeking to remove the multitude of middlemen and parasites that stand between the farmer who raises the food of America and the workers who buy it and consume it; and yet he has been educated by foreign propagandists to oppose his own merchant marine and pay hundreds of millions of dollars every year to alien mercantile middlemen, who carry out of the country this money that should be kept at home to keep the wheels of industry turning and the American farmer's home market prosperous.

Treachery to American integrity, American prosperity, and American national interests did not become a lost art when Benedict Arnold took service in England's forces. It is still with us under other names and in new disguises.

In order to compete with the underpaid, cheaply conditioned, and heavily subsidized merchant marines of England, Japan, and other foreign countries and enable us to keep the American flag afloat on the seven seas, America must help the American merchant marine to meet their competitors by special laws and subsidies from the Treasury. Is there anything new or strange in an appropriation called a ship subsidy? There is not. We subsidize agriculture and education; we spend vast sums for irrigation in the arid West; we subsidize reclamation works all over the country; we impose protective tariff bills to protect industry and labor; and only yesterday we appropriated $49,000,000 to make our rivers and harbors safe for commerce and its fleets; and yet we have American Senators and Congressmen who oppose or hesitate to vote to keep alive and strong an American merchant marine to carry American commerce, market our surplus products, and keep busy and prosperous American industry and labor and maintain a profitable domestic market for American agriculturists, stock raisers, foresters, fishers, and miners.

Is there anyone who has the hardihood to say that the $49,000,000 of the river and harbor bill are to be spent for the safety and convenience only of the foreign ships that come to our waters and seek to destroy our merchant marine? Let him answer.

The maintenance and prosperity of the American merchant marine is not a party question; it is not a Democratic or Republican policy solely; it is a national, an American question, that concerns every vital interest of this great Republic that is of prime importance not only to Massachusetts and the States on the seaboard, but is of equal interest to all the Commonwealths that make up this United States.

It is for us to let our representatives in Washington understand that there must be no wavering, no dodging, no fence climbing on this great question and that they must make up their minds now whether they will stand resolutely and without equivocation for American interests and the American merchant marine or give their services to destroy those American utilities and go over to the flags of England, Japan, and other rivals.

They stand on the banks of the politican Rubicon. Across its waters lie American honor and interest; to hesitate to cross is to enlist themselves under alien flags and retire to dishonor and obscurity. They can not stand still; they must act.

ADJOURNMENT.

Mr. JONES of Washington. Pursuant to the order already made, I move that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock and 50 minutes p. m.) the Senate adjourned, the adjournment being, under the order previously entered, until Monday, February 19, 1923, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES.

SATURDAY, *February 17, 1923.*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, our needs cry unto Thee; let Thy mercy and wisdom respond. Thy kingdom of love extends unto all men, and may we fear Thee less and serve Thee better. The Lord is sovereign and all things work together for good to them who love Thee. We are impressed with a solemn, yet wonderful, responsibility. In bearing it give understanding and poise to every phase of conduct and character. May our powers and privileges be held as sacred trusts for Thy glory, for the good of our country, and for the high interests of humanity. Bless all with a quiet heart in relation to the things that are and to the things that shall be hereafter. Amen.

The Journal of the proceedings of yesterday was read and approved.

S. 2023, DEFINING THE CROP FAILURE, ETC.

Mr. TINCHER. Mr. Speaker, I call up the Senate Concurrent Resolution No. 40.

The SPEAKER. Will the gentleman from Minnesota give way? The Chair understands he has a conference report.

Mr. ANDERSON. I will yield for a moment.

The SPEAKER. Of course, the conference report has the right of way.

The gentleman from Kansas calls up the concurrent resolution, which the Clerk will report.

The Clerk read as follows:

Resolved by the Senate (the House of Representatives concurring), That the action of the Speaker of the House of Representatives and of the President of the Senate in signing the enrolled bill (S. 2023) defining the crop failure in the production of wheat, rye, or oats by those who borrowed money from the Government of the United States for the purchase of wheat, rye, or oats for seed, and for other purposes, be rescinded and that the Secretary be authorized and directed to reenroll the bill with the following amendments:

On page 1, line 6, after the words "United States," insert "in the years 1918 and 1919."

Amend the title so as to read: "An act defining the crop failure in the production of wheat, rye, or oats by those who borrowed money from the Government of the United States in the years 1918 and 1919 for the purchase of wheat, rye, or oats for seed, and for other purposes."

The SPEAKER. Is there objection to the present consideration of this resolution?

Mr. ANDERSON. Mr. Speaker, reserving the right to object, I understand that this is for the purpose of making it clear that this does not apply to the loans of 1921 and 1922?

Mr. TINCHER. That is exactly right. They were made by different departments of the Government, handled in different departments of the Government.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The question was taken, and the concurrent resolution was agreed to.

Mr. BEGG. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. Evidently there is *no quorum*——

Mr. BEGG. I will withdraw the point for the time being—all right, go ahead.

Mr. CAMPBELL of Kansas. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

Ansorge	Focht	Leatherwood	Rossdale
Anthony	Free	Lee, N. Y.	Rucker
Arentz	Gallivan	Little	Ryan
Atkeson	Garner	Luhring	Schall
Bacharach	Goodykoontz	McClintic	Scott, Mich.
Blakeney	Gould	McLaughlin, Pa.	Scott, Tenn.
Bland, Ind.	Graham, Pa.	McSwain	Shelton
Bond	Griffin	Mead	Siegel
Bowers	Hawes	Michaelson	Sisson
Box	Hays	Mills	Slemp
Brand	Henry	Montague	Smith, Mich.
Brennan	Herrick	Morin	Smithwick
Brooks, Ill.	Himes	Mott	Stiness
Brooks, Pa.	Hogan	Mudd	Stoll
Burdick	Hutchinson	Newton, Minn.	Strong, Pa.
Burton	Ireland	Nolan	Sullivan
Butler	Johnson, Ky.	O'Brien	Sweet
Cable	Johnson, Miss.	O'Connor	Tague
Carew	Johnson, S. Dak.	Olpp	Tayor, N. J.
Chandler, N. Y.	Jones, Pa.	Overstreet	Taylor, Tenn.
Chandler, Okla.	Kahn	Park, Ga.	Thomas
Clark, Fla.	Keller	Parks, Ark.	Thorpe
Classon	Kelley, Mich.	Patterson, Mo.	Tinkham
Clouse	Kelly, Pa.	Perlman	Upshaw
Connolly, Pa.	Kendall	Petersen	Vestal
Copley	Kennedy	Porter	Voigt
Crowther	Kiess	Rainey, Ala.	Volk
Cullen	Kindred	Rayburn	Ward, N. Y.
Davis, Minn.	King	Reber	Webster
Dominick	Kirkpatrick	Reed, W. Va.	Williams, Tex.
Drane	Kitchin	Riddick	Winslow
Dyer	Kleczka	Riordan	Wood, Ind.
Echols	Kline, N. Y.	Robison	Woodyard
Edmonds	Knight	Rodenberg	Yates
Faust	Kreider	Rose	Zihlman
Fess	Langley	Rosenbloom	

The SPEAKER. Two hundred and eighty-four Members have answered to their names; a quorum is present.

Mr. MONDELL. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

REFERENCE OF A BILL.

Mr. McKENZIE. Mr. Speaker, the bill (H. R. 14306) introduced by the gentleman from Texas [Mr. WURZBACH] deals with legislation over which the Committee on Military Affairs has no jurisdiction under the rule. I ask, therefore, that the bill be referred to the proper committee.

The SPEAKER. The Chair will state the Chair thinks the question is debatable, but the Chair is not unwilling to have it referred. Is there objection? [After a pause.] The Chair hears none.

CONFERENCE REPORT—AGRICULTURAL APPROPRIATION BILL.

Mr. ANDERSON. Mr. Speaker, I call up the conference report on the bill making appropriations for the Department of Agriculture.

The SPEAKER. The Clerk will report the conference report.

The conference report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate numbered 33 to the bill (H. R. 13481) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1924, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

Amendment numbered 33: That the Senate recede from its disagreement to the amendment of the House to the amendment of the Senate numbered 33 and agree to the same.

SYDNEY ANDERSON,
WALTER W. MAGEE,
EDWARD H. WASON,
J. P. BUCHANAN,
GORDON LEE,
Managers on the part of the House.
CHAS. L. MCNARY,
W. L. JONES,
LEE S. OVERMAN,
E. D. SMITH,
Managers on the part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on amendment No. 33 of the Senate to the bill (H. R. 13481) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1924, and for other purposes, submit the following written statement explaining the effect of the action agreed on by the conference committee and submitted in the accompanying conference report:

The Senate recedes from its disagreement to the amendment of House to Senate amendment No. 33, relating to the appropriation for forest roads and trails, and agrees to the provision adopted by the House on January 26, 1923, which provides an appropriation of $3,000,000, to be available until expended, and enables the Secretary of Agriculture to enter into contracts and incur obligations up to $6,500,000, as authorized by the Post Office appropriation act approved June 19, 1922, and further provides that appropriations heretofore and hereafter made shall be considered available for the purpose of discharging obligations created in any State or Territory.

SYDNEY ANDERSON,
WALTER W. MAGEE,
EDWARD H. WASON,
J. P. BUCHANAN,
GORDON LEE,
Managers on the part of the House.

Mr. ANDERSON. Mr. Speaker, this is the final conference report on the agricultural appropriation bill. It covers only one item which remained in disagreement after the consideration was recently had in the House and Senate. That is amendment No. 3, which related to appropriation for forest roads and trails. The Senate adopted an amendment appropriating $6,500,000 instead of $3,000,000 appropriated by the House. The House agreed to an amendment reducing the amount to $3,000,000 and providing that the Secretary of Agriculture should be authorized to make contracts for the total sum of $6,500,000 for the next fiscal year, and provided further that all sums heretofore appropriated should be available for payment upon any contract when payment upon that contract became due. The Senate conferees have agreed to agree to the House amendment. I move the previous question on the conference report.

The previous question was ordered.

The question was taken, and the conference report was agreed to.

REFERENCE OF A BILL.

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent that the bill H. R. 13492, which was referred to the Committee on Interstate and Foreign Commerce, be rereferred to the Committee on Banking and Currency. I have here a letter from

the chairman of the Committee on Interstate and Foreign Commerce [Mr. WINSLOW], saying he has no objection to the bill being referred to the Committee on Banking and Currency, and his committee feels the bill properly belongs to that committee.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

FEDERAL FARM LOAN ACT.

Mr. CAMPBELL of Kansas. Mr. Speaker, I submit a privileged report from the Committee on Rules.

The SPEAKER. The gentleman from Kansas submits a privileged report from the Committee on Rules, which the Clerk will report:

The Clerk read as follows:

House Resolution 536 (Rept. 1629).

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 14041, a bill to amend sections 3, 4, 9, 12, 15, 21, 22, and 25 of the act of Congress approved July 17, 1916, known as the Federal farm loan act; that there shall be three hours' general debate on said bill, one-half to be controlled by those in favor thereof and one-half by those opposed thereto; that at the conclusion of the general debate the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendments the committee shall rise and report the bill back to the House with amendments, if any; the previous question shall be considered as ordered on the bill and all amendments thereto to final passage, without intervening motion except one motion to recommit.

Mr. CAMPBELL of Kansas. Mr. Speaker, my attention has been called to the fact that the number of the bill has been wrongly stated; that the number of the bill is H. R. 14270.

The SPEAKER. Without objection, that correction will be made.

Mr. BLANTON. Mr. Speaker, we did not hear what it was.

Mr. JONES of Texas. Mr. Speaker, I desire to object.

The SPEAKER. A mistake in the number.

Mr. CAMPBELL of Kansas. I move to amend the rule by inserting "14270" instead of the number as given in the resolution.

Mr. JONES of Texas. Mr. Speaker, I make a point of order on the motion.

Mr. CAMPBELL of Kansas. That was the bill reported by the committee.

Mr. GARRETT of Tennessee. Yes; that was the bill reported by the committee, but I suggest that the gentleman had better ask unanimous consent.

The SPEAKER. The Chair will hear the gentleman from Texas as to its being germane.

Mr. JONES of Texas. I understood the rule was being presented now. This is not the time to offer an amendment to the rule.

The SPEAKER. Why not?

Mr. JONES of Texas. The rule was just being presented.

Mr. CAMPBELL of Kansas. The rule had been read.

Mr. BLANTON. I make the point of order that it is not proper, over an objection, to correct a rule that is brought in here by the Committee on Rules. They are presumed to bring in a correct rule when they bring one in.

The SPEAKER. Does the gentleman make a point of order on the proposed amendment?

Mr. BLANTON. Yes. My point of order is that it must be done by unanimous consent rather than by a motion.

The SPEAKER. The Chair overrules the point of order.

Mr. STAFFORD. This point of order?

The SPEAKER. The Chair thinks there is a point of order that has not been suggested yet.

Mr. STAFFORD. I will not suggest that point of order, but I do not like the practice.

Mr. SANDERS of Indiana. Mr. Speaker, it has frequently been held that the other point of order must be made.

Mr. SNELL. The Speaker has ruled on it.

Mr. BLANTON. I make a point of order against the point of order that the Speaker has in his mind on this proposition. [Laughter.]

Mr. JONES of Texas. Mr. Speaker, I make the point of order that the Committee on Rules did not authorize the offering of this amendment at this time, and that the matter is only privileged by virtue of the action of the Committee on Rules.

The SPEAKER. The Chair thinks that it is not in order to amend a resolution naming one bill by naming another bill. The Chair thinks the same result would be accomplished by striking out the number entirely. Then it would be designated by title.

Mr. CAMPBELL of Kansas. Then, Mr. Speaker, I move to strike out the number of the bill and designate it by the title given in the rule.

The SPEAKER. The gentleman from Kansas moves to strike out the number of the bill and designate it by the title in the rule. The question is on agreeing to that motion.

The question was taken, and the Speaker announced that the "ayes" seemed to have it.

Mr. BEGG. I ask for a division, Mr. Speaker.

The SPEAKER. A division is demanded.

The House divided; and there were—ayes 190, noes 17.

So the motion was agreed to.

The SPEAKER. The gentleman from Kansas [Mr. CAMPBELL] is recognized.

Mr. CAMPBELL of Kansas. Mr. Speaker, so much time having been wasted already on the rule, I will only briefly state that it brings before the House for consideration amendments to the Federal farm loan act that have been considered by the Committee on Banking and Currency and thought to be important for the more effective and beneficial operation of that act.

I yield five minutes to the gentleman from Kentucky [Mr. CANTRILL].

Mr. McARTHUR. Mr. Speaker, will the gentleman yield to me?

Mr. CAMPBELL of Kansas. No; I yield to the gentleman from Kentucky.

Mr. CANTRILL. Mr. Speaker, I have been asked by many Members of the House to print in the RECORD a statement recently issued by Mr. James C. Stone, of Kentucky, the president of one of the largest and most successful farmers' cooperative associations in the United States. This statement gives a complete history, although it is very brief, of the Burley Tobacco Growers' Association, which has a membership of 77,000 members and this year will do a very successful business of almost $100,000,000. It has been very successful, and our president has recently summarized the activities of that organization. I have been asked by many Members of the House to print in the RECORD his recent statement. I ask, Mr. Speaker, the privilege of printing in the RECORD that statement, and I will also ask the privilege to extend my remarks on the bill now pending before the House.

Mr. Speaker, I am glad that this legislation is before the House, and I am always glad to raise my voice in behalf of any legislation which will be of service to the farmers of the United States.

The fact is now recognized by all that there can be no general prosperity in this Nation unless our farmers are prosperous. Any law passed by Congress which lays additional burdens on the farmers of our land retards the prosperity of our country, and any law which is of help to the farmers quickens all channels of trade and makes toward improvement in all lines of business.

I am glad to have had an opportunity to support the rule in committee making this legislation in order, and trust that the Congress will speedily enact the bill into law.

By proper legislation Congress can in great measure assist the farmers of our Nation and at the same time render a great service to all the people.

Agriculture in the United States is our basic industry, and nearly one-half of our population are directly interested in some branch of farming and live-stock raising. Under present distressing conditions surrounding the American farmer it is highly proper that the American Congress should enact some laws for the especial benefit of agriculture. I do not mean to say that this measure by any means provides all the relief necessary, but it is a little step in the right direction, and by all means let us accept it and ratify it with our votes.

There are other bills pending here which I sincerely hope will become laws during the life of this Congress, and I hope the committees of this House which have those measures in their keeping will soon report them, so we can vote upon them.

Since the World War closed the American farmer has been hit harder by declining prices of his products than any other business man.

The farmers of the South and Middle West have been subjected to cruel and heart-breaking declines in their products. Many of our farm crops during recent years have been sold for less than the cost of production, while at the same time taxes and living expenses have been increasing the burdens of the farmer. This process has almost doubled the mortgage indebtedness of the farmer during the past five years, and Congress must meet this great problem with its best thought and statesmanship or we will suffer a national calamity.

Were it not for the highest order of patriotism and splendid bravery in the face of heavy odds among the farmers of our land, we would to-day be in a deplorable condition. The American farmer never surrenders, but is battling on, hoping always

that his Government will give him a square deal and give him a chance to stand up as a free citizen and not be laid prostrate as a bankrupt despite his hard labor and heavy investment. I am glad that the Congress of the United States is finally learning the lesson, which many of us have preached for many years, that the farmers' welfare means the welfare of the Government itself.

The farmer can not live when he receives only 37 per cent of the sale price of his products; and this is the condition in this Nation to-day.

Our banking system has recently been arranged to meet the needs of manufacture and business, and the farmer has a right to demand that his banking system be arranged to meet his needs. The farmer of necessity must have longer terms of credit than the business man or manufacturer and he is entitled to the same rate of interest. Any Government aid which is given to the manufacturer should also be extended the farmer. The farmer asks no special privilege, but he has a perfect right to demand that he be equalized with other lines of business.

Any legislation which brings about this result should be adopted by the Congress. I would not be understood as saying that the farmer must rely entirely on his Government. On the contrary, the farmer must realize that in the main he controls his own destiny. Unless the American farmer makes the effort to help himself his case is hopeless.

However, the Nation is fortunate in that a way has been found whereby the farmer can help himself, and that is by following the sound business plans which have been developed by the Farmers' Cooperative Association which in recent years have been coming into existence in different parts of the country.

For nearly 20 years I have been active in urging the farmers of the State of Kentucky to organize along cooperative lines in selling their chief cash crop—the tobacco crop. Many years ago I had the honor of being State president of an organization which taught the cooperative plan of selling farm produce. I have seen the idea grow until to-day it is considered safe and sound by the leading bankers and statesmen of our land. I am proud of the fact that I started at the beginning and have kept the faith until the plan has proven successful beyond our fondest hopes.

When the farmers of our Nation learn to organize and stand together in a cooperative selling plan and use the modern business methods in the conduct of their business, then their success is assured and hard times will cease to knock at the door of every farmhouse in the land.

It has been said a million times that the farmer could not be organized, but in Kentucky and elsewhere this statement has been disproved. In Kentucky we have had for several years one of the most successful cooperative farmers' organizations in the history of the world, and I am glad that I had the opportunity to help put it in existence. In fact, I believe the record will show that I made the first call to the farmers of my State to organize, and I am very happy to say that our plans have worked out satisfactorily to our large and prosperous membership. One of the organizations of which I am a member, and only farmers can be members, has a membership of 77,000 members, and this year will do a business of about $70,000,000. It is the largest business concern in our State. The organization is thoroughly representative and is in absolute control of the farmers themselves. We have splendid and successful men at the head of our business, and peace and prosperity is returning to the old Kentucky home. I will always look back with pleasure to the time and work I gave in assisting to building up this great farmers' organization.

The farmers of Kentucky were fortunate in having the press of the State almost solidly behind them in their effort to organize. Too much praise can not be given to the newspapers of our State and to hundreds of men and women who gave their time and means to building up our cooperative organization. Judge R. W. Bingham, owner of the Courier-Journal and the Louisville Times, gave his full personal support and financial credit and the powerful aid of his newspapers to perfecting the two great cooperative tobacco organizations in Kentucky.

Almost without exception the editors of our papers gave their loyal and splendid support, and the bankers of our Commonwealth stood with us until our organization was completely successful.

I have been asked by several Members of the House to give a history of this organization, so that it may go into the RECORD as a guide for others who wish to build up similar plans in their States. The president of our organization, Mr. James C. Stone, Lexington, Ky., recently reviewed the business affairs of our cooperative association for the last two years, and I will print in the RECORD his statement. Mr. Stone has the full confidence of the people of our State, and his statements can be accepted at their full value. I print his statement with the hope that farmers in other States will follow the example of the Kentucky farmer and join with us in our prosperity:

FIRST OFFICIAL STATEMENT MADE BY PRESIDENT STONE SHOWS MILLIONS BROUGHT INTO BURLEY DISTRICT THROUGH ORGANIZATION OF COOPERATIVE ASSOCIATION.

LEXINGTON, KY., January 27.—President and General Manager James C. Stone, of the Burley Tobacco Growers' Cooperative Association, in a statement given to the press to-day reviews conditions in the tobacco business for the past two years, says the 1921 crop has brought an average of $21.98 a hundred, and that warehousing expenses on this has been 89 cents a hundred, and that the organization of the Burley Tobacco Growers' Cooperative Association has been the means of bringing into the burley district from $45,000,000 to $50,000,000 more than would have been paid the growers but for the organization of the association.

Mr. Stone urges the growers to recall the conditions existing in the tobacco district two years ago, when the growers were on the verge of violence because of the low price at which their product sold and when they had to accept less than half what it cost them to raise the crop of 1920.

Analyzing the review of the two years Mr. Stone says that the growers received $11,400,000 more for the crop of 1921 than for that of 1920, in spite of the fact that it was 40,000,000 pounds below the 1920 production. He estimates the 1922 crop at 240,000,000 pounds and the price average as 31 cents a pound and says this will bring into the Burley district $36,600,000 more than was paid for the 1921 crop.

Besides the 89 cents a hundred which it actually cost to handle the 1921 crop, Mr. Stone says that an additional expenditure of 64 cents a hundred was made for interest, insurance on tobacco, and for the purchase of real estate, the latter, of course, being an investment and not an expense.

In closing his statement Mr. Stone urges all the members of the association to remember that the association belongs to them, and that if they will continue to give it their loyal support, the results which will be obtained in the next five years, not only for the grower member himself but for the "whole business fabric of the entire territory, will be so outstanding and beneficial to everyone that they will be proud to say that they have been a part of an association which has produced such results."

Mr. Stone's statement, which is the first official information in regard to the exact figures on the 1921 crop, as well as the probable average of the 1922 crop, follows:

"For the benefit of our members, as well as the other business interests throughout the Burley territory, I want to call their attention as strongly as I can to the conditions that prevailed just two years ago this month.

"It is not difficult for anyone to recall the unrest and dissatisfaction that prevailed at that time, which in practically all the territory bordered on violence. What was the cause of this? Has anyone forgotton the cause of this condition? It was because the grower of tobacco was not satisfied with the price that his 1920 crop was selling for on the auction markets.

"The farmer owed the merchant, the bank, the doctor, and the lawyer, and his crop of tobacco sold for not one-half of what it cost him to produce it.

"From this distressing condition the leaders in the Burley territory got together in order to work out a plan of relief. Not only to relieve the condition at the time but to prevent its recurrence, if possible.

"From this effort developed the Burley Tobacco Growers' Cooperative Association, which is nothing more than over 80 per cent of the tobacco growers in the Burley district having agreed among themselves to organize and operate their business on an intelligent business basis, and through their own representatives to grade their tobacco and sell it for a price that will give them a fair return on their invested capital and labor.

"The association has now been in operation about one year, and the result of the operation is as follows:

"On December 15, 1922, in order to provide the members of the association a convenient place to deliver their tobacco, we entered into a contract with 124 loose-leaf warehouses throughout the territory to lease these properties for six months at a rental of 8 per cent, based on a fair value of the property, each owner of the property having the right to accept one of three plans of sale to subsidiary corporations of the association, the sales to be consummated and the price of the property to be agreed upon before the 15th of June, 1922. This gave the association immediate possession of the receiving plants.

"In the month of January, 1922, the legislature passed what is known as the Bingham cooperative marketing act. We immediately reincorporated the association under this act in Kentucky. We adopted a uniform system of grading for Burley tobacco, employed 94 graders and instructed these graders as to each grade, and employed managers, clerks, weighmen, and the necessary help for the 94 receiving plants, and actually began to receive tobacco on January 26, 1922.

"We borrowed a sufficient amount of money from the local banks and the larger banks in Louisville, Cincinnati, and Lexington to make an initial advance to the grower upon the delivery of his tobacco of an average of about 8 cents per pound.

"The total number of pounds received by the association in 1922 was approximately 120,000,000 pounds, and of this amount a little over 60,000,000 pounds was sold in winter order, and the balance was redried and sold in October and December, 1922.

"From the proceeds of the sales in winter order we paid back all the money we had borrowed from the banks, and had $3,500,000 left in cash. By April, 1922, it was deemed absolutely necessary that the association make another distribution to the members, as transplanting time was almost at hand, and the grower needed additional money with which to transplant and grow his 1922 crop. In order to make this distribution in time to be of help to the grower, it had to be paid to him as early in May as possible, and it was decided to give each man in this second distribution the same amount that was paid to him in his initial advance.

"To create a fund with which to meet this payment the cash on hand from the proceeds of the sales was used and the balance borrowed on warehouse receipts on redried tobacco from the War Finance Corporation and the Louisville and Lexington banks.

"In October, 1922, we sold 54,000,000 pounds of redried tobacco; 25,000,000 pounds of this tobacco had to be sampled, and the sampling and delivery of it was done in about 40 days.

"On December 4 the balance of the holdings of the association, amounting to approximately 3,100,000 pounds, were sold. These tobaccos were stored in 30 different locations, and aside from the 25,000 hogsheads which had to be sampled it all had to be weighed, shipped, and billed, and the money collected before calculations could be commenced to determine just what each grower was entitled to out of the proceeds.

"When this sale of redried tobacco was made the office force of the association began to work night and day to try to get the final distribution of the 1921 crop in the hands of the members before Christmas, if possible. Owing to the immense amount of work in calculating each grade delivered by each member of the association, it soon developed that it would be impossible to get these checks out by that time. We are now working 18 hours a day with a large force to get these checks out by February 1, and if the work continues to progress as it is now this will be done.

"The following is a résumé of what has been accomplished in the first year's operations:

"More than 80 per cent of the tobacco growers of Kentucky, Indiana, Ohio, West Virginia, and Tennessee have organized an association for the purpose of eliminating the old dumping system of selling their tobacco and to handle their own business in a more intelligent and businesslike way. Receiving plants have been created, an organization built, and 120,000,000 pounds of tobacco received, and all sold within the first year's operation. The average price received for the 120,000,000 pounds received and sold is $21.98 per 100 pounds, which is an average of $9.98 more than the growers received on an average for their 1920 crop—the 1920 crop being recognized by tobacco men as a better crop in quality than the 1921 crop was.

"It may be well to analyze this in order to show what it means to the growers over the territory in dollars and cents.

"The 1920 crop amounted to approximately 220,000,000 pounds, and sold for an average of 12 cents, bringing a total amount of $26,400,000. The 1921 crop, of which the association handled its percentage, amounted to approximately 180,000,000 pounds, and sold for an average, both in the association and out, of around 21 cents, and brought a total of $37,800,000. The 1922 crop, estimated at approximately 240,000,000 pounds, at 31 cents per pound, will bring a total of $74,000,000. The increase in dollars of the 1921 crop, a commoner crop than the 1920 crop and much smaller in pounds, over what the 1920 crop brought is approximately $11,400,000. The increase in dollars of the 1922 crop over the 1921 is $36,600,000, showing in the first two years' operation of the association that there will be between $45,000,000 and $50,000,000 more money distributed among the growers in the Burley section than would have been distributed if the association had not been organized. These are facts that no man can successfully contradict.

"The actual expense incurred by the association in the physical handling of the 1921 crop was 89 cents per 100 pounds, and the deductions for interest, insurance on tobacco, and for the purchase of real property was 64 cents per 100 pounds, the part used for the purchase of property being an investment and not an expense.

"On the 11th of December we began to receive the 1922 crop. Since that time we have sold 120,000,000 to 125,000,000 pounds of the 1922 crop, which is about two-thirds of the amount of tobacco which we expect to receive.

"The delivery of this tobacco is now being made as fast as received, and the prospects are good at this time for the sale of the balance of the association's tobaccos in winter order.

"The association has developed, as everyone predicted, into the largest organization in this part of the country. We realize that this organization is not yet perfect, but the officers and directors are working day and night to develop it into a smooth-running machine, the guiding light being honesty, efficiency, and justice.

"If the members will only realize that the association belongs to them, is their business, and a business that is of such vital importance to them financially and in every other way, and will continue to give it their loyal support and encouragement, the results which will be obtained in the next five years, not only for the grower member himself but for the whole business fabric of the entire territory, will be so outstanding and beneficial to everyone that they will be proud to say they have been a part of an association which has produced these results."

The SPEAKER. The gentleman from Kentucky asks unanimous consent to extend his remarks in the RECORD for the purpose indicated. Is there objection?

There was no objection.

Mr. CANTRILL. Mr. Speaker, I yield back the balance of my time.

Mr. CAMPBELL of Kansas. Mr. Speaker, I ask for a vote on the resolution.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. McFADDEN. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of a bill to amend sections 3, 4, 9, 12, 15, 21, 22, and 25 of the act of Congress approved July 17, 1916, known as the Federal farm loan act.

The SPEAKER. The gentleman from Pennsylvania moves that the House resolve itself into Committee of the Whole House on the state of the Union to consider a bill to amend sections 3, 4, 9, 12, 15, 21, 22, and 25 of the Federal farm loan act. The question is on agreeing to that motion.

Mr. WINGO. Before that is done, Mr. Speaker, can we not agree upon the question as to who will control that time? The gentleman understands my position. As the bill is reported, I am opposed to it. I hope an amendment will be adopted that will enable me to support it. But without that amendment I am against the bill.

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent that three hours' time be divided equally between the gentleman from Arkansas [Mr. WINGO] and myself.

Mr. YOUNG. There are some Members on this side opposed to this bill. I would like to know how they can get time.

Mr. McFADDEN. It will be perfectly agreeable to me. If the gentleman from Arkansas [Mr. WINGO] can handle on his side those who are opposed to the bill, I shall be glad to yield on this side to those who are opposed to the bill.

Mr. WINGO. Personally I do not care much about controlling the time; but if this arrangement is made, my intention is to try to take care of both sides on this side of the aisle and let the gentleman from Pennsylvania [Mr. McFADDEN] take care of both sides on his side of the aisle. I think that will expedite consideration of the bill.

Mr. McFADDEN. That is agreeable to me, Mr. Speaker. Therefore I ask unanimous consent that the time be divided equally between the gentleman from Arkansas [Mr. WINGO] and myself.

The SPEAKER. The gentleman asks unanimous consent that the time be equally divided, the gentleman from Pennsylvania to control one-half the time and the gentleman from Arkansas [Mr. WINGO] to control one-half the time. Is there objection?

Mr. LANHAM. Is that with the understanding that half the time on each side will be allotted to those who are opposed to the bill?

The SPEAKER. The Chair thinks that ought to be so.

Mr. WINGO. Mr. Speaker, here is the difficulty: Some gentleman do not know just exactly what particular point they will be opposed to. I think I agree with 90 per cent of the gentlemen who if we had a roll call now would vote against the bill; but I think it is possible to cure the bill so as to vote for it. If any other genteman wants to take the responsibility of controlling the time on this side, he is perfectly welcome to it and I shall be glad to be relieved of the responsibility.

Mr. JONES of Texas. Mr. Speaker, further reserving the right to object, I do not think anyone wants particularly to control the time, but we would like to have an understanding that if these gentlemen control the time, one-half of the time on each side shall be yielded to those who are opposed to the bill. There are a number on this side who are opposed to it, and I understand there are a number on the other side who are opposed to the bill.

Mr. COCKRAN. Mr. Speaker, may I suggest that the time be controlled by the Chair, and that the Chair recognize gentlemen on one side or the other according to his best judgment.

Mr. WINGO. Here is the difficulty. I will be frank with the gentleman. I have made some promises of time, but of course I intend to try to be fair to gentlemen on my side of the House and to give them a fair division of time. I intend to do it the very best I can, but I do not propose to be held up in advance by a promise to give any man time. If he can not trust me to treat him fairly, let him object.

Mr. LANHAM. Will the gentleman yield?

Mr. WINGO. I yield to the gentleman from Texas.

Mr. LANHAM. The rule itself that we have adopted divides the time equally between those in favor of the bill and those opposed to it. It would not be a matter of the gentleman's courtesy. It would be a matter of the action of the House.

Mr. WINGO. The gentleman does not understand me. I intend to be entirely fair, and to conform to the provisions of the rule.

Mr. CAMPBELL of Kansas. Mr. Speaker, I demand the regular order.

Mr. COCKRAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman from Kansas demands the regular order. The Chair under those circumstances can not hear any more suggestions.

Mr. COCKRAN. Can the Chair answer a parliamentary inquiry?

The SPEAKER. Certainly.

Mr. COCKRAN. Will an objection throw the control of the time into the hands of the Chair?

The SPEAKER. It will.

Mr. COCKRAN. Then I object.

The SPEAKER. The gentleman from New York objects. The question is on the motion to go into the Committee of the Whole House on the state of the Union for the consideration of the bill.

The question being taken, the motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 14270) to amend sections 3, 4, 9, 12, 15, 21, 22, and 25 of the act of Congress approved July 17, 1916,

known as the Federal farm loan act, with Mr. MCARTHUR in the chair.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent to dispense with the first reading of the bill.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to dispense with the first reading of the bill. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for one hour.

Mr. McFADDEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McFADDEN. I understood that the rule provided for three hours' debate. I understood the Chair to say that I was recognized for one hour.

The CHAIRMAN. The gentleman has one hour.

Mr. WINGO. I thought the rule provided for three hours.

The CHAIRMAN. The rule provides for three hours, to be equally divided; but in the absence of any agreement as to who is to control the time, the Chair recognized the gentleman from Pennsylvania [Mr. MCFADDEN] for one hour.

Mr. McFADDEN. Mr. Chairman, this bill provides for important amendments to the Federal farm loan act. It amends in certain particulars some of the vital sections of that act. It amends sections 3, 4, 9, 12, 15, 21, 22, and 25.

In the first place, I am sure you will recall that during the war emergency the United States Treasury was authorized to purchase farm-loan bonds to help out the farm-loan system so that they could come somewhere near meeting the demands for loans from the agricultural sections. When that amendment was enacted a provision was also placed in the law that so long as the Treasury retained any of the bonds so purchased the temporary organization of the Federal farm-loan system should continue, so that under this amendment the Treasury Department would continue the directors who were to handle the affairs of the 12 banks. This bill corrects that situation and provides for an immediate permanent organization which will keep the system, we hope, out of politics or the control of selfish or rival interests, and confer cooperative management between the Government and the stockholders. This bill provides for a definite, permanent organization method by which the directors shall be elected. It gives due consideration to the farm-loan association or borrowers by permitting them to elect a certain number of directors. It also provides that the Federal Farm Loan Board shall appoint certain members. It also provides that the borrowers' association shall submit a list from which the odd member of the board shall be chosen and that he shall be chairman. It provides that at least one member shall be a dirt farmer, so the control of the organization is placed where it properly should be placed.

Now, in addition to that it provides—I do not want to take up too much time of the House because a number of men want to speak upon different phases of the bill—it provides also for agents for the purpose of closing loans in those sections of the country which have not had proper service through the farm loan associations. It has been made known to the Farm Loan Board that certain sections have not been properly served, and so it is given the right to appoint agents to act in closing the loans. That matter is safeguarded by providing for a deposit of the 5 per cent stock for security for the payment of the loan that is now provided under the association plan. It is not my understanding nor the understanding of the committee that that destroys the association. My understanding is that the control, notwithstanding the fact that many people fear and claim that the association will be destroyed under this plan, will be continued, and the new agency plan can be made workable for the relief of the farmers where they have not been properly served.

Mr. BARKLEY. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. BARKLEY. We are all interested in the farm-loan legislation. In view of the short time between now and the adjournment of Congress, I am wondering why the Committee on Banking and Currency has not taken action on a measure passed by the Senate, so that it might be considered here, and with the hope of obtaining legislation, instead of bringing in an independent bill that will have to pass the Senate.

Mr. McFADDEN. I will say that the bill under consideration was in the committee and was being considered by the committee before the Senate had taken any action. The Senate has only recently passed two rural credit bills, and the committee has been diligently considering the subject of rural-credit legislation. The committee has been having hearings right along and working as rapidly as possible on the so-called Capper bill, and we hope to reach a definite conclusion in the early part of next week. I think the gentleman from Kentucky will be satisfied with the activities of the committee.

Mr. BARKLEY. I trust that Congress will not adjourn until some legislation is enacted. I think it would have been better to have passed the bill that has already passed the Senate than to pass a measure that has to go to the Senate.

Mr. BANKHEAD. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. BANKHEAD. What is the attitude of the well-recognized farm organizations throughout the country as to this bill?

Mr. McFADDEN. Many of the organizations have been before us, and there is a divided opinion. There is some opposition to this measure from farm organizations, but I think the greater portion of the farm organizations, the Federal Farm Loan Board, and, I understand, the Treasury Department are in favor of the bill. I know that there has been a great deal of propaganda about it. There is a great deal of misunderstanding about the bill in that regard, and I might call attention to the fact that the most of the opposition was to the bill as originally introduced. It has been amended in some very important particulars, and I believe the greater portion of the farm organizations, if they could study the bill as it is to-day, would not have the same criticism to make as has been meted out in the past.

Mr. BANKHEAD. We all received this morning a letter from Mr. Lyman, the secretary of the national board of farmers' organizations, and his objection to the bill seems to be as to the new method of electing directors of the Federal land banks. Will the gentleman explain the necessity for this change of the law?

Mr. McFADDEN. I will say in that connection that that subject was given very careful consideration by the committee and the Federal Farm Loan Board. We believe that we have worked out an equal representation on the boards in this bill, and that it will prove so in its operation.

Mr. WATSON. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. WATSON. I notice that you increase the loans from $10,000 to $16,000.

Mr. McFADDEN. There is such a provision.

Mr. WATSON. What were the conditions that gave the committee the thought to increase the loans to that amount?

Mr. McFADDEN. I will say to the gentleman that that is the result of the demand of the agricultural sections of the country for an increased size of the loan. It has been pointed out to the committee that in many of the central western States the farms are larger and the price of real estate is higher, and that it is necessary in order to take care of the needs of that large class of farmers residing in that section and farming larger areas than are usually farmed, say, in Pennsylvania, that the size of the loan should be increased.

Mr. WATSON. Is the increase founded upon the assessed value for taxation, or upon the census report?

Mr. McFADDEN. There is no change in the method of valuing the farms under this bill.

Mr. WATSON. I know, but the gentleman states that values have increased. Do you obtain the increased value from assessment for taxation or from the census report?

Mr. McFADDEN. In some of these central western States the value of land has increased to such an extent that the Federal Farm Loan Board has to put a maximum limit upon the amount that they will loan on acreage, regardless of the value of those farm lands. In the State of Iowa the rule is not to loan in excess of $100 per acre, while the value of the land might be $400 or $500 per acre.

The board felt that the system should be safeguarded in that particular. Reverting again to this increase of the loan from $10,000 to $16,000, and under certain conditions the bill provides that it shall be increased to $25,000, but, of course, those must be unusual conditions and must have the approval of the Federal Farm Loan Board. There was some difference of opinion in the committee in regard to this increase of the loan limit on the theory that the money market for this class of securities might by the sale of a vast amount of these bonds be somewhat limited, but as I understand, and I think many Members of the House so understand, in the farm loan act the original idea was for the relief of the poor farmer, to do away with tenant farming, and that it was the duty of Congress to help the little fellow more than to help the wealthy farmer. Because of that idea still predominating, many members of the committee have felt that it might work a hardship on the little farmer by absorbing all of the available money if the big loans were granted.

Mr. McKENZIE. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. McKENZIE. Right on that point, having in mind the State of Illinois and particularly the district in which I live, I favor the increase in the amount of the loan, and in reply to the point raised by the gentleman from Pennsylvania [Mr. McFADDEN] that it was intended to help out the little farmer, in my judgment, if we can take care of the man who needs $16,000, or even $25,000, on a valuable farm, and can relieve financial interests of the country to that extent and leave that amount of capital liquid in the local banks to be loaned to the little farmer to put a load of cattle on his farm during the summer time, we will have accomplished a great deal.

Mr. FIELDS. Mr. Chairman, if the gentleman will yield, I would like him to go on with his explanation in regard to the local cooperative borrowing associations. When the first bill was reported or introduced there was a great deal of complaint that that bill would destroy the local cooperative borrowing associations. I understood the gentleman to say that this bill would correct that and I would like to have him explain why.

Mr. McFADDEN. Mr. Chairman, as I said previously, there is no thought in the mind of the chairman, and I think that applies to many members of the committee, to do anything to injure the associations. I do not believe this bill will. If the gentleman refers to the destruction of associations, having in mind the provisions for the election of directors, I will say to him that I do not believe it will destroy the associations. As a matter of fact the very great local interest in associations is greatly relieved the moment that a farmer gets a loan. When he gets his loan closed his interest in the local association is practically nil from that time on, because he has financed himself over a long period of time, and in the manner we have provided for the selection of these directors we believe we have provided for sufficient representation from the borrowers or the associations, and that they will be protected in the representation on the boards as well as they are at the present time being protected. Other gentlemen who are to speak are going to cover that point a little more in particular and I think the gentleman will be entirely satisfied with the explanations given later on.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. BURTNESS. What incentive will there be for the formation of new farm-loan associations if we adopt the provision in the bill for the appointment of individuals who can deal with the new borrower in the future just as well as the association can?

Mr. McFADDEN. My understanding in regard to that question, and we have been assured by the Federal Farm Loan Board to that effect, is that agencies would only be established in those localities that were not being served by associations and I believe the same inducements of associations in the way of borrowers getting together will exist as exists at this time. It may be to the advantage of the farmer to apply to an agency that has been appointed if there is one, if there is no local association to which he can apply.

Mr. BURTNESS. The main inducement for the farmer getting into an association now is the fact that he needs the money, he wants to make a loan, and that is about the only way in which he can get the loan. If there is an agency appointed, and he can deal direct with that agency, he may not want to assume the responsibility of becoming in part at least liable for the loans of the other members of the association. Would he not then naturally simply go to the agent and attempt to get a loan from him rather than to join the association?

Mr. McFADDEN. I think the gentleman is putting up a man of straw. He is anticipating what a farmer may do. My experience with the farmer is that when he wants his money he wants it, and if he can not get it through the organization or association, and there is an agency available, he will go to it. What we are trying to do is to make this system available with the least possible trouble to the farmers of the country, so that their interests can be taken care of.

Mr. BEGG. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. BEGG. It is supposed that there is a double liability back of every one of these bonds issued on mortgage, and the mortgage is supposed to represent 45 or 50 per cent of the value of the land. Is not that right?

Mr. McFADDEN. I would not say a double liability in the sense that the gentleman has pointed out. Every borrower is required——

Mr. BEGG. I do not mean from the borrower, I mean the thing back of the bond that the buying public gets hold of. There is supposed to be a double security back of that bond, is there not?

Mr. McFADDEN. Well, if the gentleman will let me explain.

Mr. BEGG. I beg the gentleman's pardon, I thought he did not get the question.

Mr. McFADDEN. The plan of the system is that the farmer borrows from the system on a mortgage. In order to get loans he must subscribe to 5 per cent of the amount of the loan from the farm loan system, of its stock, and the Federal land bank holds that stock. My understanding is that there is a double liability of that stock in case the loan is not paid.

Mr. BEGG. Where is the double liability? That is the thing I wanted pointed out.

Mr. McFADDEN. On the stock which the man deposits with the Federal farm loan system under the present plan. Now the Federal land banks—there are 12 of them—get together and issue bonds. This bill strengthens in that particular the liability of the 12 banks, the guaranty upon all of the bonds issued.

Mr. BEGG. Well, I do not want to consume unnecessarily the gentleman's time myself——

Mr. McFADDEN. I think the gentleman before the debate is concluded will have a clear answer, better, perhaps, than I have been able to give at this time. There are plain provisions for the retention of the stock subscription when the loan is acquired through an agency, just the same as the association plan. Mr. Chairman, how much time have I used?

The CHAIRMAN. Eighteen minutes.

Mr. McFADDEN. At the request of W. W. Flannagan, former secretary of the Farm Loan Board, I insert in the RECORD his letter to me under date of February 16, with a statement of a part of the minutes of the Farm Loan Board and a letter from the farm loan commissioner under date of June 30, 1920.

I reserve the remainder of my time.

The letter is as follows:

FLORENCE COURTS, *February 16, 1923.*

Hon. LOUIS T. McFADDEN,
Chairman House Banking and Currency Committee.

DEAR MR. McFADDEN: I have seen to-day for the first time the official copy of the hearings by your committee on the Strong bill (H. R. 13125).

On page 270 of said hearings there is a statement made by the farm loan commissioner (Judge Charles E. Lobdell), which, to say the least, is uncalled for and which creates a false impression.

I am asking you in fairness to correct this statement in whatever manner your own sense of justice may dictate, with the knowledge you had of the facts of the case at the time and which this communication now gives you.

The objectionable statement in question is to the effect that the "activities" of Mr. Charles A. Lyman, the secretary of the National Board of Farm Organizations, and myself in opposition to the passage of the Strong bill is due to the severance of my official connection with the Farm Loan Board, which Judge Lobdell terms a "dismissal," and his refusal to "reinstate" me under threats from Mr. Lyman that the influence of his organization would be turned against the Farm Loan Board, as if Mr. Lyman and I are not acting in good faith in our opposition to said bill, but by reason of "hostility" created by my so-called "dismissal."

These are the facts:

1. At the time Mr. Lyman had the interview to which Judge Lobdell refers I had no knowledge thereof, not even an acquaintance with Mr. Lyman; nor did I know of the existence of any such organization as "the National Board of Farm Organizations."

2. With reference to my "dismissal," the Farm Loan Board furnished me at the time of my resignation as secretary thereof an official copy under seal of an extract from the minutes, which is appended hereto.

Yours sincerely, W. W. FLANNAGAN.

The following is an extract from the minutes of the Federal Farm Loan Board of a meeting held July 9, 1920:

FEDERAL FARM LOAN BUREAU,
TREASURY DEPARTMENT,
July 9, 1920.

Resolved, That the resignation of W. W. Flannagan as secretary of the Farm Loan Board, this day filed, be accepted effective August 7, 1920, and that the order of the board made June 2, vacating certain positions, including that of secretary, be modified to conform to this resolution:

That said letter of resignation and the commissioner's reply thereto be spread upon the minutes and made a part of the records; that a certified copy thereof be furnished to Mr. Flannagan, and that copies be mailed to the several land banks.

JUNE 30, 1920.

FEDERAL FARM LOAN BOARD,
Washington, D. C.

GENTLEMEN: Referring to your resolution of June 2, no one can regret more than I do that the suspension of business of the Farm Loan Bureau caused by the delay of the Supreme Court in rendering a decision as to the constitutionality of the farm loan act has in your opinion produced the necessity for economy in the administration to the extent that the salary paid to the secretary of your board must be discontinued.

I have been connected with the rural-credit system from its embryonic state and with great pride have seen it develop into the farm loan act and its benefits already reaped to an immeasureable extent by the agricultural interests of the country under your admin-

istration, with a foundation laid for even yet more permanent and increasing benefits.

To sever my connection is breaking my hearstrings, but I appreciate you have a great public duty to perform and that my personal feelings must not stand in the way of its performance nor embarrass you in the discharge thereof. I therefore tender my resignation as secretary of the Farm Loan Board, to take effect at any day named by you.

I beg to thank each of you personally for the kindly consideration you have always extended to me, and to assure you that it will always be my endeavor and pleasure to further the work in which I have been privileged to join with you.

Yours sincerely,

W. W. FLANNAGAN.

JUNE 30, 1920.

Mr. W. W. FLANNAGAN,
Washington, D. C.

DEAR MR. FLANNAGAN: I beg to assure you that each member of the Farm Loan Board fully appreciates, and, so far as they are personal, fully reciprocates the fine sentiment expressed in your letter of this date.

Upon the organization of the Farm Loan Board your familiarity with the farm loan act, and the active interest you had taken in formulating it, suggested the practical wisdom of availing ourselves of your services in the organization of the system. The board accordingly created the position of secretary and tendered the same to you. You accepted with fine spirit, although it was not the recognition you had been led to expect, and might properly have received, and entered upon the duties of that office with zeal. You became at once not only secretary but a valued counselor to the board on the details of the law, and I am sure each of the then members of the board would concur in the acknowledgement, which I am glad to make, of special obligation for that service. In addition, your high sense of honor, genuineness of character, and devotion to duty have won for you the unqualified personal esteem of each of us.

The work of organization, you then so willingly undertook, is in the judgment of the board substantially finished and the services of a secretary are not at this time necessary to the conduct of the business of the board. Your task in this connection seems finished, but the services you have rendered the system, and through it the agricultural interests of the country, and thereby the whole country, will permanently endure to your credit. We are sure your busy mind will find still further constructive work to do which will be done, as has your work with the farm-loan system, not for compensation but for the sake of doing.

We are glad to be assured of your continued cooperation and friendly interest, and shall always be glad of counsel and suggestions from you, and please be assured that you have always our high personal esteem and genuine personal friendship.

Very sincerely yours,

CHARLES E. LOBDELL,
Farm Loan Commissioner.

I, Charles E. Lobdell, farm loan commissioner, do hereby certify that the foregoing is a correct transcript from the minutes of the Federal Farm Loan Board, and in testimony thereof I have affixed my signature as farm loan commissioner and caused the official seal of said board to be attached hereto, the same being attested by the signature of the assistant secretary of said board this 9th day of July, 1920.

CHAS. E. LOBDELL,
Farm Loan Commissioner.

Attest:

JAMES B. MORMAN,
Assistant Secretary.

Mr. WINGO. Mr. Chairman, I will yield 10 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. JONES of Texas. Mr. Chairman, in reference to the control of the time, of course the rule requires half to be yielded to those opposed to the bill. I understood Mr. WINGO, in reference to being opposed to the bill, wanted it understood he was opposed to the bill.

Mr. WINGO. I made my statement to the House as to my position. I tried to reach an agreement by which I could control an hour and a half for the Democratic side. But that was objected to, so that as a result the Republicans will have two hours and I will control only one. I have yielded 10 minutes to the gentleman from Maryland.

Mr. JONES of Texas. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JONES of Texas. I think I have a right to state it has been told me——

Mr. WINGO. Mr. Chairman, I make the point of order that a parliamentary inquiry can not interrupt the gentleman who has the floor.

Mr. JONES of Texas. I raise the point of order and propound a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JONES of Texas. Mr. Chairman, the gentleman from Arkansas made a statement that he was opposed, unless an amendment was adopted. I understand the committee agreed to adopt that amendment, and there is no opposition to the amendment, and I do not believe the gentleman has the right to control the time by simply going under the guise of being opposed to the bill.

Mr. WINGO. I am not going under any guise, and the gentleman can not make any such statement.

Mr. BANKHEAD. Mr. Chairman, I demand the regular order.

The CHAIRMAN. The regular order is demanded. The Chair recognizes the gentleman from Maryland for 10 minutes.

Mr. GOLDSBOROUGH. Gentlemen of the committee, I regret because of the limited time I shall have to hurry, and it will be necessary for me——

Mr. JONES of Texas. Mr. Chairman——

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. JONES of Texas. May I make a suggestion?

The CHAIRMAN. Does the gentleman from Maryland yield?

Mr. GOLDSBOROUGH. I will yield.

Mr. JONES of Texas. Mr. Chairman, I do not know in just what form my language may have been couched awhile ago, but I wish to make a statement——

Mr. STEAGALL. Mr. Chairman, I have no objection to the gentleman making a statement, but I suggest in all fairness it should not be taken out of the time of the gentleman who has the floor. This is a matter that should stand by itself.

The CHAIRMAN. The gentleman has yielded to the gentleman to make a statement.

Mr. JONES of Texas. Mr. Chairman, as I started to say, I do not know in just what form my language may have been couched and I had not intended a reflection upon the motives of anyone, and if I used such language I desire to have that language withdrawn, if I may get consent to do so. I want to make this statement in connection, that when the question of the division of time arose there was some controversy before the House went into the committee as to how the time should be divided. I was perfectly willing that the time should be divided one-half to those in favor and one-half to those opposed. The suggestion came to me from somewhere that there was an amendment which the committee had practically agreed to adopt, and that was the gentleman's objection to the bill; and in that I was probably mistaken, and I am perfectly willing to withdraw any statement that may bear the inference that he is not in good faith opposed to the bill. I thought I ought to make that statement, because my language may have been subject to being misconstrued.

Mr. STEVENSON. Mr. Chairman, if the gentleman will yield, I am a member of the committee, and we are agreed over here that those opposed to the bill shall have their fair share of the time that is accorded to this side of the House, and Mr. WINGO had arranged that somebody should be next recognized, and I regret the occurrence that has occurred, and I think the gentleman's withdrawal is proper.

Mr. JONES of Texas. I desire to withdraw any remarks that might be considered as a reflection on anyone. [Applause.]

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. JONES] that he be permitted to withdraw his remarks from the RECORD? [After a pause.] The Chair hears none.

Mr. GOLDSBOROUGH. Mr. Chairman, how much time have I?

The CHAIRMAN. The gentleman has 10 minutes.

Mr. GOLDSBOROUGH. Mr. Chairman and gentlemen of the committee, due to the limited time for debate on this bill and the fact that there is a certain statement that I want to make, I shall ask not to be interrupted.

Mr. Chairman, the bill before the committee is the result of extended hearings and careful analysis on the part of the Committee on Banking and Currency, and while the bill as presented to the House with committee amendments is the result of much mutual concession within the committee we believe it is a bill covering the subject which will receive substantially the widest approval of the American people, both in numbers and scope of territory. While the bill changes administrative features of the law, we believe that these are matters which can be adjusted from time to time as public policy dictates. The modifications of the loan limit is a matter which in my opinion demands from the House the most serious consideration. Feeling as I do that the committee did as well as it could under all the circumstances I am in favor of the bill as reported with committee amendments and will now ask the attention of the Committee of the Whole House to a somewhat collateral consideration, which seems to me most important and can well demand the closest consideration by every Member of the National Congress.

On February 1, addressing the Committee of the Whole on the bill from the Banking and Currency Committee limiting expenditures in the construction of Federal reserve bank buildings, the distinguished gentleman from Illinois [Mr. MADDEN] in referring to the Federal reserve banks, spoke as follows:

Every time the banks show an excess amount of earnings they should be compelled to reduce the rediscount rate so as to keep their earnings in reason and thereby give to the borrowing public of the country an opportunity to get money at cheaper rates than they have been able to get it.

As a matter of fact, Federal reserve banks are only allowed to retain 6 per cent of their earnings for themselves, the remainder going back to the people through the Federal Treasury, but the point I wish to make is that the immoderate use of the rediscount facilities of the Federal reserve system is the thing which has caused the speculation, the inflation, the deflation, the economic unrest, the drop in the price of farm products, and the general suffering of the last few years.

Due to the increase in the gold supply from the gold discovered in Alaska, in the Klondike, and South Africa our bulk of money and available credit expanded from 1896 until 1914, and the primary purpose of the Federal reserve act was not to make available more credit but to prevent the contraction of credit and the artificial causing of depression and panics by large financial interests. The Federal reserve act legislation was passed, of course, at exactly the right time because without its machinery we could never have financed the war, and the public and private burden of debt is, of course, too great to justify our going back to the old system even if it were desirable for any reason, but there is grave danger of the primary function of the Federal reserve system being lost sight of and of its being made the means of a most unwholesome credit situation.

There are inserted in this speech as a part of it certain figures which can easily be verified and which I believe can be profitably studied by every Member of Congress and which are as follows:

Summary table.

[In thousands of dollars on June 30. Annual index numbers, 1913=100.]

Years.	Money in circulation.	Individual deposits in all commercial banks.	Physical production.	Wholesale prices.
1917	3,873,997	21,867,219	120.7	177
1918	4,367,045	23,386,377	118.0	194
1920	5,380,853	32,496,718	118.7	226
1922	4,375,556	31,414,812	112.3	149

Total stock of money and gold in the United States, total money and gold in circulation.

[In thousands of dollars.]

	Total stock of money.	Gold stock.	Total money in circulation.	Gold in circulation.[1]
June 30—				
1914	3,738,599	1,890,657	[2]	[2]
1917	5,408,549	3,019,147	3,873,997	1,615,413
1918	6,741,532	3,075,789	4,367,045	990,718
1920	7,887,182	2,687,513	5,380,853	675,545
1922	8,178,602	3,785,321	4,375,556	590,468

[1] Amounts held outside the United States Treasury and the Federal reserve banks.
[2] Comparable data not available.

Loans and discounts, investments, and individual deposits of all reporting banks in the United States, except mutual savings banks.

[In thousands of dollars.]

	Number of banks.	Loans and discounts.	Bonds, stocks, and other securities.	Individual deposits.
June, 1914	26,131	13,164,435	3,729,448	14,602,107
1917	27,301	18,225,827	5,872,132	21,867,219
1918	28,255	20,199,859	7,567,831	23,386,377
1920	29,519	28,664,668	8,671,243	32,496,718
1922[1]	29,770	24,859,018	9,540,274	31,414,812

[1] Preliminary figures.

Total cash reserves and excess reserves ("free gold") of the Federal reserve banks and ratio of cash reserves of Federal reserve banks to individual deposits of all commercial banks in the United States.

[In thousands of dollars.]

	Cash reserves of Federal reserve banks.	Free gold of Federal reserve banks.[1]	Reserve percentage.	Per cent of cash reserves of Federal reserve banks to individual deposits of all commercial banks.
June, 1917	1,334,352	689,221	75.4	6.1
1918	2,006,199	781,876	61.7	8.6
1920	2,103,284	250,965	43.4	6.47
1922	3,144,542	1,624,192	77.9	10.0

[1] Amount held by Federal reserve banks in excess of required reserves.

Prices and production.

	Annual average prices.	Physical volume of production.		
		Industrial.	Agricultural.	Combined.
1913	100	100	100	100
1917	177	121.2	120.0	120.7
1918	194	117.8	118.3	118.0
1920	226	114.0	124.4	118.7
1922 (year)	149	106.5	119.4	112.3
Fourth quarter	155	121.8	[1] 119.4	120.7

[1] Figure for year 1922.

I am only going to refer to a very few of them at this time. In 1914 the reporting banks of this country had loans and discounts aggregating $13,164,435,000. They owned bonds, stocks, and other securities amounting to $3,729,448,000. In 1922 the figures were: Loans and discounts, $24,859,018,000; stocks, bonds, and other securities, $9,540,274,000, whereas the physical volume of production was only 12.3 per cent greater in 1922 than in 1914. We find the wholesale price index for 1922 49 per cent higher than in 1914, and it has since gone up about 13 per cent. We find Federal reserve notes in circulation as of February 14 amounting to $2,243,603,000 and the reserve at 75 per cent.

There are various bills in the process of enactment through the Congress, the merit of any one of which I am not here and now discussing either favorably or unfavorably, which, if enacted into legislation, frankly contemplate immense additional credit structures, all to be ultimately supported by the Federal reserve system. If the present resources of the reserve system are allowed to be fully extended with our present immense supply of gold, the general price level of 1920, 126 per cent higher than the price level of 1914, will be exceeded, and this is exactly what will happen within the next four years unless there is some Federal legislation to stabilize the purchasing power of money. The Federal Reserve Board can not control the situation. The power of the Federal Reserve Board is defined by subsection D of section 14 of the Federal reserve act, which subsection gives to the Federal Reserve Board the final authority over rediscount rates to be charged by the Federal reserve banks—

which shall be fixed with a view of accommodating commerce and business and which, subject to the approval, review, and determination of the Federal Reserve Board, may be graduated or progressed on the basis of the amount of the advances and discount accommodations extended by the Federal reserve bank to the borrowing bank.

Under this section no board would have the hardihood nor, in my judgment, the legal right to interpret this section so as to regulate rediscount rates with a view to perpetuating substantial stability in the general price level, and the very least, it seems to me, that the Congress should do would be to amend subsection D by placing the word "agriculture" before the word "commerce," and, after the word "business," add the words "with a view of moderating fluctuations in the general price level." If some affirmative authority of this kind is not given the board it must ultimately give way to clamor for credit, first from one source and then another, and culminate in a situation worse than the collapse of 1921 and 1922.

My friends, few of us realize the awful possibilities for good or evil of a colossal credit structure like the Federal reserve system. Credit beyond the legitimate needs of business expansion breeds inflation in general price levels; inflation in general price levels appears to justify another margin for credit; when further credit is extended the inflation in general price levels which follows furnishes a new basis for credit, until the whole structure falls in on itself.

This system must be supported by some sort of legislation to stabilize the purchasing power of money. The House Committee on Banking and Currency have just completed some very interesting hearings on a bill introduced for the purpose of securing this very stability. It is not my purpose here and now to discuss the merits of that bill, but I believe that every Member of Congress upon a reading of the hearings will be convinced of the necessity of prompt legislation which will place our immense credit structure under such measure of control as to prevent inflation and its consequent following period of speculation, deflation, and collapse, so that we will have a democracy indeed in finance, where every man, be he farmer, business man, banker, or laboring man, can have the credit he needs in order to carry on and to extend the scope of his usefulness in a conservative and wise manner as well for himself as for the public at large; but where, also, the machinery of credit will be so adjusted as to sound its own warning when a period of healthy expansion is

being passed and a period of overproduction and speculation being reached.

What the farmer buys is costing him now around 76 per cent more than it did in 1914, whereas the price of what he had to sell during his selling period in 1922 was less than in 1914, although now the price level of farm products has risen to about 25 per cent more than it was in 1914. Stabilization of the general price level will very rapidly bring the price of farm products up to a point of yielding a wholesome and satisfactory profit, but another period of inflation and collapse will only increase the burden of debt under which the farmer is struggling. As for the man or woman with the average income, and the wage earner, a period of inflation, during which the dollars they receive will constantly buy less and less, is a period of acute suffering and a grave type of economic and social evil. Let us act now before the lessons of the last three years are entirely forgotten.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. McFADDEN. Mr. Chairman, I yield 20 minutes to the gentleman from Kansas [Mr. STRONG].

The CHAIRMAN. The gentleman from Kansas is recognized for 20 minutes.

Mr. STRONG of Kansas. Mr. Chairman and gentlemen of the committee, I think I ought to speak first of the propaganda that has been sent broadcast over the country and that is being sent to the Members of Congress against this bill. I think the Members of Congress and the farmers of the country are entitled to know the motives behind this propaganda.

I am a representative of an agricultural district. I am also the owner of a farm, and a member of a farm-loan association. I have never lived in a town of over 2,000 population in my life and have always been interested in the problems of agriculture. I have had some experience regarding the opportunity of the farmer to get loans under this farm-loan system, and I thought when I came to Congress that I would try to improve it.

Three years ago I introduced a bill to appoint agents where the farm-loan associations were not functioning, or where there were no farm-loan associations, so that all farmers could be reached and served. I immediately met with opposition from Mr. Flannigan and Mr. Lyman, who have been associated together in putting out the propaganda against this bill. I thought they were working for agricultural interests, but I have come to learn that they are working the farmers in their own selfish interests; but it has become apparent that some legislation should be passed amending the farm-loan system.

This Federal farm-loan system was built around the report of a commission that was sent to Europe to investigate rural-credit systems, and we followed largely the systems that were in force in Europe; but now, after five years' experience of our own, we have found that our system needs some amendments.

The original act provided that the 12 farm-loan banks should each issue their own bonds. That was very successful in Europe where the bond buyers are distributed throughout the entire country and surround the banks. But in this country the bond buyers are situated mostly east of Lake Erie, and when the 12 farm-loan banks came to such market they found themselves in competition with each other, and so without any authority of law, under the act at least, they joined together and asked the Farm Loan Board to sell their bonds. And they have so sold them, very successfully. We want now to provide by law for a central bond-selling agency to sell these bonds.

There is another provision that we might as well be frank about. One of the Eastern States has passed a law giving the bonds of their banks preference in their trust companies, thus putting their bonds at a premium. If that thing is allowed to continue, the banks located in the great money centers will have laws passed favoring their banks, and the farm-loan banks in the local territory where they most need farm loans will have their bonds go at a discount and make them hard to sell.

Mr. BEGG. Mr. Chairman, will the gentleman yield right there for a question?

Mr. STRONG of Kansas. I will be very glad to.

Mr. BEGG. If this particular bonding feature becomes a law, can a bank in South Carolina and a bank in Ohio and one in Kansas pool their interests and put out a million-dollar bond issue that is apparently backed by the Federal Farm Loan Board, so that when I buy a bond I will not know whether my bond is secured by land in South Carolina or in Ohio or in Kansas? Is that correct?

Mr. STRONG of Kansas. No; and if you had read the entire act you would know that could not be done.

Mr. BEGG. I have read it several times, and that can be done.

Mr. STRONG of Kansas. You are mistaken; it can not be done.

Mr. BEGG. It certainly can, and anyone who has read the bill knows that it can be done.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. STEVENSON. Every farm-loan bank in the United States and every borrower is back of every farm-loan bond issued now, but they are made on the face the joint and several bonds of all the banks, instead of the individual bank.

Mr. BEGG. That is exactly my position as I maintain it.

Mr. STEVENSON. But it only writes on the face of the bond what is now in the law.

Mr. STRONG of Kansas. Yes. We have not changed the law in that respect.

Mr. BEGG. If you have not changed it, what do you want to have it in here for?

Mr. STRONG of Kansas. We want to establish a central bond selling agency, so that all the banks will join and issue one consolidated bond, so there will be no discrimination and they may all be served with funds at the same costs and the bond buyers have a single standard bond, guaranteed by all the banks, that will be so attractive that it will sell at a lower rate and reduce the interest rate to the farmer borrowers.

Now, there is another proposition we wish to solve. Under the European systems where the landowners have small tracts of land in densely settled districts and the land or leasehold descends from father to son, they have farmers' cooperative credit systems. They get a good many cooperative benefits from forming such associations. So when this law was framed it was provided that loans should be made through farm-loan associations composed of at least 10 farmers; but we find in this country, where the farms are large and require larger loans, or in communities not very densely settled, it is hard to get 10 farmers ready to take 10 farm loans, and in many counties we do not have any farm-loan associations to serve the farmers under this system.

Again, when the farmers try to get 10 farmers who need loans to form an association together, some outside loan agency steps up to 2 or 3 of them and says, "We will make your loan a little easier," and when the farmers meet to form their association they have not enough men ready to take loans to form an association. That has happened in one county in my district until we have been unable to get a farm-loan association formed, and the farmers are not served.

Then there are places where churches have organized farm-loan associations and have refused to take in anyone outside of their own membership, and where families have formed a farm-loan association and have refused to take in any other farmers. Also, in some instances, associations have been formed and after getting a few farmers into the association have refused to take in others.

Sometimes a mortgage banker gets control of the office of secretary-treasurer, and while he takes the application for the farm loan from the farmers, he neglects to get the board of directors together to pass the loan; and finally, after a week or two, he says to the borrower, "If you are in a hurry for that loan I can make it for you through another mortgage-loan agency if you will pay a little higher rate."

So we find that in many communities the farmers do not have an opportunity to secure loans under this system, and we want to fix it so that the farmers everywhere can have the benefit of these amortized loans at low rates. So in this bill we have provided an amendment authorizing the Federal land banks to make loans through agents under proper bond in communities where farm-loan associations have not been formed, or where they fail, neglect, or refuse to properly serve the farmers of their territory. Loans made on applications taken through agents will, of course, have the same inspection and appraisement as loans made through associations or by agents of the joint-stock banks. This will in no way interfere with active farm-loan associations, but will enable the farm-loan banks to serve the farmers where there are no associations or where those in existence are not functioning properly.

Mr. WILLIAMSON. Will the gentleman yield in that connection?

Mr. STRONG of Kansas. I am very glad to yield to the gentleman.

Mr. WILLIAMSON. I notice you have eliminated most of the old features of the law in connection with these agencies. The law as it now exists provides that only a duly incorporated bank, trust company, mortgage company, or savings institu-

tion, chartered by the State in which it has its principal office, shall be employed as an agent, and these agents in taking loans and turning them over to the Federal farm-loan banks are required to indorse the paper and assume the same liability as the original mortgagor. Under this law you propose to appoint anyone an agent, no matter what his responsibility may be, and to have him give a surety bond.

Mr. STRONG of Kansas. That is Mr. Manson's statement, who, I think, is in the employ of the joint-stock land bank, and I can answer without the gentleman going through the rest of it. I know it by heart. But I do not want to take up too much time.

Mr. WILLIAMSON. The point is——

Mr. STRONG of Kansas. All right, I will answer the gentleman's question.

Mr. WILLIAMSON. I have not asked it yet.

Mr. STRONG of Kansas. I know what it is. When we started out to amend the act so as to appoint these agents to serve the farmer where he is not now being served, we found objections coming from the same source. They said we would make poorer loans and lessen the security of the bonds, but the mortgage banker, the joint-stock land banks, and all other agencies make loans through agents. It is said we are breaking down the cooperative feature of the farm-loan association.

I belong to a farm-loan association, but I do not believe that the farmers receive any cooperative benefits from them after their loans are secured. The Farmers' Union, the National Grange, and the American Farm Bureau and other farm organizations supply the farmers of this country the advantages to be derived from cooperation which I very much believe in and which I intend to foster and support in every way. I think it is because they have these associations that they do not use the farm-loan associations for any other purpose than to secure their loans, but because of the propaganda that has been sent out charging that the appointment of agents would destroy the cooperative features which it is claimed these associations have, we provided in this bill that where an agent was appointed in the territory of an association that had become inactive and the association decided to resume its service to the farmers and should pass a resolution to do so that no more loans through agents should be made in that territory. We also have provided that any 10 borrowers whose loans should be made through agents could form a farm-loan association.

Mr. BURTNESS. What incentive would there be to the 10 men to form an association after they have gotten their money without becoming responsible in any way, shape, manner, or form to the other fellow?

Mr. STRONG of Kansas. No more incentive than induces them in the first place, as far as the cooperative features are concerned. There is no cooperative beneficial feature in the farm-loan association after the farmers have secured their loans; they obtain such benefits through their farm organizations, and all this talk about the cooperative benefits to the farmer in farm-loan associations is pure, unadulterated bunk, intended to fool the farmer.

Mr. STEVENSON. The gentleman from North Dakota [Mr. BURTNESS] says, "without becoming responsible in any way, shape, manner, or form." The gentleman has not read the bill. The man who gets a loan through an agent has to have the profits that are accruing to his stock put aside to create a reserve to take care of the defaults of the fellows who borrow through the agency, and he has got the responsibility after the fellow acts through the association.

Mr. McLAUGHLIN of Michigan. Will the gentleman yield?

Mr. STRONG of Kansas. I had rather not. I am trying to explain these propositions without taking too much time. You are all my friends and I would like to yield to you, but I have not the time.

The matter of the permanent organization of the banks we feel makes necessary another amendment. The original act provided for a temporary organization under the supervision of the Federal Farm Loan Board and that when the stock subscriptions in any farm-loan bank should reach the sum of a hundred thousand dollars a permanent organization should be effected consisting of nine directors, three appointed by the Government and six elected by the farm-loan associations. In January, 1918, Congress passed a law authorizing the purchase by the Treasury of two hundred millions of the farm-loan bonds, with a provision that so long as any of the bonds so purchased remained in the Treasury the temporary organization should continue in force. So up to this time we have had Government supervision and management by the Federal Farm Loan Board. It has been most successful. The bond buyers have furnished a ready market for the bonds, interest rates have been reduced, and loans made to farmers during the past year at the rate of a million dollars a day.

Whether or not the confidence of the bond buyers will continue if Government supervision is removed and the system turned over to the borrowers is a grave question, and after a good deal of earnest consideration we have provided in this bill a permanent organization with a cooperative management between the Government and the stockholder borrowers, the Government through the Farm Loan Board to name three directors and the stockholder borrowers to elect three, the seventh director to be chosen from candidates nominated by the stockholder borrowers.

Our committee had hearings upon this bill for over two weeks and then appointed a committee, of which I was chairman, to revise and rewrite it. Then the whole committee spent more than a week in perfecting it, and we are confident that if the bill is passed it will insure the system's good service to the farmers, all of whom can be served at still further reduced rates of interest. Chairman Charles E. Lobdell and Gov. Robert A. Cooper, present members of the Federal Farm Loan Board, and Hon. Herbert Quick and Hon. F. A. Lever, past members of the board; Merton L. Corey, representing the Farm Loan Bank of Omaha and the Secretary-Treasurers Association of the eighth Federal land district; George S. Mornin, secretary-treasurer of the Federal Farm Loan Association of Cedar Rapids, Iowa; Gray Silver, representing the American Farm Bureau Federation, and several Members of Congress from agricultural districts all appeared before our committee in support of the bill.

The only opposition came from Benjamin Marsh, whose principal objection was to increasing the loan limit above $10,000, and Mr. Flanagan and Mr. Lyman and Attorney Lester C. Manson, who represented their Federation of National Farm Loan Associations. These gentlemen are responsible for the immense amount of propaganda that has been sent out to the farm-loan organizations, misrepresenting the intents and purposes of the bill, which has caused them to write to Members of the House opposing the bill. I want to read from the record of the hearings before our committee a statement made by Chairman Lobdell in explanation of the antagonism of Mr. Flanagan and Mr. Lyman toward the Farm Loan Board:

Mr. LOBDELL. Mr. Strong has called my attention to a matter that I am somewhat reluctant to discuss, because it is in a sense personal. I made reference to it and said all that I ought, perhaps. But the activities of Mr. Lyman and Mr. Flanagan date back to Mr. Flanagan's dismissal from the Farm Loan Board, on which occasion he served notice of his hostility. In that connection Mr. Lyman called on the board and demanded Mr. Flanagan's reinstatement. After a discussion of the situation and his insistence, with a threat that he would turn the organizations he represented loose on the Farm Loan Board, the subject was dismissed rather summarily and perhaps with scant courtesy. And a couple of days later he and Mr. Marsh attended a formal sitting of the board that we had, and the reinstatement of Mr. Flanagan was demanded, with the threat on the part of Mr. Lyman of the hostility which has been manifested. That is the animus behind that organization.

Mr. Flanagan had secured, while secretary of the board, a list of the farm-loan associations, and, assisted by Mr. Lyman, proceeded to organize them into a national association, requiring that they should each send to their headquarters here in Washington yearly dues of $10 each, which at that time would have netted them $40,000.

Mr. STAFFORD. Something on the order of the Non-Partisan League.

Mr. STRONG of Kansas. The board objected to this use of the funds of the associations, and they checked it up to Attorney General Palmer, who decided that they could not use the funds of the associations. Then the warfare commenced between Lyman and Flannagan and the farm board, and they have succeeded in inducing 300 out of the 4,600 farm-loan associations to joint their organization and have told them it is necessary to maintain their services here in Washington to protect the farm-loan system against Congress and the Federal Farm Loan Board.

Up until this bill was introduced they have hoped through their association to build up an organization of farm-loan associations, and that they will enable them to secure control of the farm-loan banks instead of having continued Government supervision. They tell the farmers that we want to turn it back to political control and that they want to give it to the farmers.

The fact is they are the politicians that are trying to gain control and to destroy the supervision of the Government so necessary to the system if they want to sell the bonds to the bond-buying public.

Mr. GARRETT of Texas. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. GARRETT of Texas. How many agents may be appointed under the bill to take the place of the cooperative association?

Mr. STRONG of Kansas. No agent will take the place of a farm-loan association that is active and functioning. An agent is to be appointed only where there is no farm-loan association or where it is not functioning properly. The bill further provides that, if at any time a farm-loan association in the territory wants to resume operations and serve the farmers by passing a resolution and sending it to the board in Washington that they intend to do so, the board will instruct the bank to take no more applications through the agent.

Mr. GARRETT of Texas. Who determines that an agent is necessary in this section?

Mr. STRONG of Kansas. The farm-loan banks that make the loans in that territory.

Mr. GARRETT of Texas. Can not they make the loan directly to the borrower as well as through the agent?

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. HARDY of Texas. Mr. Chairman, I ask unanimous consent that the gentleman from Kansas be allowed 20 minutes, not to be taken out of the time fixed by he rule.

The CHAIRMAN. The time has been fixed and can not be extended in the committee.

Mr. HARDY of Texas. If the House wants a full explanation, I think it can be done by unanimous consent.

The CHAIRMAN. It can not be done by unanimous consent in the committee.

Mr. McFADDEN. I yield to the gentleman five minutes more.

Mr. GARRETT of Texas. Now, to continue my inquiry regarding the loan made to the farmer by the agent. Why can not the loan be made as easily direct from the farm-land bank without the intervening of an agent?

Mr. STRONG of Kansas. Some one has got to be in that territory to take the application and fix up the papers.

Mr. GARRETT of Texas. There would have to be as many agents as there are farmers that want to make loans.

Mr. STRONG of Kansas. No, no; one agent in a community can serve just as well and better than a farm-loan association that has ceased to function.

Mr. GARRETT of Texas. The point I make is, as a practical proposition, why could not the farmer, if you are going to do away with the cooperative system to that extent, take his abstract of title to his land from his county and make the trip himself to the Federal land bank and lay it down on the counter and ask for the loan that he wanted?

Mr. STRONG of Kansas. He could; but he might be 200 miles away from the bank.

Mr. GARRETT of Texas. That would be cheaper even than to pay an agent.

Mr. STRONG of Kansas. Oh, no; it would not. Suppose he wanted a loan of $3,000. If he had to pay 1 per cent, he would pay $30.

Mr. GARRETT of Texas. He could mail it in and get all the action he wanted. Who will do the appraising under this bill?

Mr. STRONG of Kansas. The same men who do it now.

Mr. GARRETT of Texas. What would be the gain?

Mr. STRONG of Kansas. Simply a service to the farmer. Many farmers from my district are writing me that they are not being served.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. BANKHEAD. Some of us would like to hear the gentleman in his time make some reference to the necessity for increasing the amount of the loan which is permissible under the amendment.

Mr. STRONG of Kansas. I would like to proceed. There are some men who are very much interested in that feature who will speak later.

Mr. BLANTON. Would the gentleman mind telling us what a community is? There might be 50 communities in a county not being served.

Mr. STRONG of Kansas. It all depends upon the density of the population. In some of my counties we have only one association and in some we have two, and in some places a county and a half takes one association.

Mr. HAUGEN. Does the Federal Farm Loan Board limit the number of cooperative associations?

Mr. STRONG of Kansas. Not at all.

Mr. HAUGEN. Then any 10 farmers can get together and form an association?

Mr. STRONG of Kansas. Yes. I am sorry, but I must refuse to yield any more. I want you gentlemen to know where this propaganda you are receiving comes from. This morning there was sent to the office of each one of you a letter headed "National Board of Farm Organizations," signed by Charles A. Lyman, secretary. In that letter he says:

By authority given me by Mr. Charles S. Barrett, chairman of the National Board of Farm Organizations and the president of the National Farmers' Union, I appeared before the Committee on Banking and Currency of the House on January 4.

And so forth. By that statement he was trying to give you gentlemen the idea that in the opposition to this bill he is representing the National Board of Farm Associations under the direction of Mr. Barrett. I called up Mr. Barrett and asked him who gave Mr. Lyman authority to go down before the committee. He said he gave him authority to go down before the committee, but he did not tell him to oppose the bill, and he gave him no authority to send out this statement. They are trying to fool you on this proposition.

Mr. DAVIS of Tennessee. Does Mr. Barrett himself indorse the bill?

Mr. STRONG of Kansas. Mr. Barrett has known that this bill has been before us for some time, but he has not been before the committee, either for or against it. I think he has been out of the city most of the time.

Mr. SUMMERS of Washington. Will the gentleman state in regard to his own association, which is referred to in the letter?

Mr. STRONG of Kansas. They propagandized my association just as they did every other, telling them that we were trying to destroy the farm-loan system, to give it over to the bankers, and all that kind of trash. They got my fellows to send me a protest just as they have succeeded in misleading a good many others.

Mr. BEGG. I saw a copy of a letter that purported to be a reply to the gentleman's letter from the association.

Mr. STRONG of Kansas. The gentleman saw a copy of a letter of one man asking me for more information. They have misled a good many. Mr. Manson, the attorney who came before our committee, said that he was working for love; that he was writing these briefs and sending them over the country without any fee or expectation of a fee. We have become very nearly convinced that he is in the employ of the joint-stock land banks. The joint-stock land banks, it seems, are against this bill. Those, however, who have succeeded in making it serve the farmers so successfully are earnestly supporting it, such as the present and past members of the Federal Farm Loan Board and the presidents of the farm-land banks and a great majority of the farm-loan associations.

I have here a wire from the president of the association of secretaries and treasurers of the eighth Federal land district that I will read.

CHICAGO, ILL., *February 16, 1923.*

Congressman JAMES G. STRONG,
Washington, D. C.:

Association of secretary-treasurers of eighth Federal land bank district has carefully considered Strong bill amending farm loan act. We indorse every provision for the following reasons: First, the banks are able and willing to pay expenses of administering the system; second, the plan for permanent organization gives the associations a voice in the management of the banks now denied and preserves such Government supervision as will insure confidence of bond-investing public; third, provision is properly made for stock to be issued by Federal land bank when association liquidates; fourth, enlarges purpose of loan, enabling banks to care for severe losses among farmers during deflation period on which they now are paying high interest rates; fifth, the increase of loan limit to $25,000 is absolutely necessary to enable the banks to serve the Corn Belt and ranching territory, and it is important to all farmers that the Federal farm-loan system shall be permitted to function in the best agricultural States both because it is just to the farmers so burdened with debts, and the inclusion of these loans will make larger profits for all borrowers as well as satisfy the bond investors with the strength of the securities; sixth, loans through agents are necessary in many places to enable the banks to serve farmers who do not have access to associations; seventh, the provisions for issuance and sale of consolidated bonds will facilitate the work and render the bonds more attractive.

Farmers of this district are practically unanimous for this bill, as they have not been misled by the propaganda of some opponents of the measure, who, while pretending to serve the association and the Federal land banks, are seeking to shackle the system so it can not compete on fair terms with the selfish interests they represent. Distressed conditions in agricultural districts demand early passage of your bill.

JOHN CARMODY, *President.*

Also the following telegrams sent by the Federal land banks in response to this wire:

FEBRUARY 14, 1923.

Please wire fully attitude your organization toward Strong bill amending farm loan act. Congressman STRONG desires this information and may possibly wish to read same into CONGRESSIONAL RECORD.

—

COLUMBIA, S. C., *February 15, 1923.*

CHARLES E. LOBDELL,
Farm Loan Commissioner, Washington, D. C.:

Your wire 14th. This organization favors Strong bill.

FEDERAL LAND BANK.

BERKELEY, CALIF., *February 16, 1923.*

The proposed amendments to the farm loan act contained in H. R. 14041, known as the Strong bill, we believe have been well considered, and if passed will serve the best interests of our borrowers, both present and future. There can be no serious objection to section 1; it is fair and just. Section 2 provides a plan of permanent organization for the banks that should prove beneficial. It gives the associations representation on the directorate, to which they are entitled, and which should prove beneficial without subjecting the banks to the criticism that the farmer's interest only and not the public interest in the system is being considered. This plan is fair and we believe will meet with the approval of the associations in this district. Section 3 is a necessary amendment. Several associations in this district have expressed a desire to liquidate. This section provides a fair and safe plan. Section 4 does not go as far as it might, but will undoubtedly enable the banks to care for many farmers who otherwise would be unable to obtain our services. Section 5 will enable us in this district to take care of many farmers who at the present time are being denied our service, because they are not in association territory or are unable to get service from existing associations. We do not consider that it in any way destroys the cooperative principle of the system. Section 6, in order to save expense, confusion, and possible discrimination in bond sales and purchases, we believe the adoption of this section necessary. Sections 7 and 8 seem necessary in view of previous proposals and amendments. We hope the Strong bill may be passed this session.

THE FEDERAL LAND BANK OF BERKELEY,
By WILLARD D. ELLIS, *President.*

—

NEW ORLEANS, LA., *February 16, 1923.*

COMMISSIONER FEDERAL FARM LOAN BOARD,
Washington, D. C.:

In answer to your telegram of February 14 in re Strong bill amending farm loan act, the board of directors of the Federal Land Bank of New Orleans, in special session this February 16, beg to reply unanimously, as follows: We heartily indorse said bill, with the exception of that portion thereof relating to permanent organization of the Federal land banks, concerning which portion we have grave misgivings. We have always regarded governmental control of the banks through the Farm Loan Board as the keystone of the endurance and success of the system. The method of permanent organization of the banks prescribed in said bill seems to point to a passing of governmental control, and this would, in our opinion, work irreparable injury to the system both in the management of the banks and in the credit of the system in sale of bonds to the investing public, who in every loan have an interest of 95 per cent.

BOARD OF DIRECTORS,
T. F. DAVIS, *President.*

—

ST. LOUIS, MO., *February 15, 1923.*

Judge CHARLES E. LOBDELL,
Farm Loan Commissioner, Washington, D. C.:

We believe Strong bill amending farm loan act would insure more economic and efficient administration of Federal land banks and more adequate and extended service to farmers. Increased loan limit is simple justice to deserving farm units now excluded from cooperative system. Permission to use agents in extreme cases would provide more universal service. Participation in management by borrowers, as here provided, should not be longer delayed. Government should be relieved of administration costs. Other provisions of Strong bill would further tend to perfect functioning of farm loan act. We are convinced that a large majority of our 416 associations favor this bill.

THE FEDERAL LAND BANK OF ST. LOUIS.

—

LOUISVILLE, KY., *February 14, 1923.*

Hon. CHARLES E. LOBDELL,
Farm Loan Commissioner, Federal Farm Loan Board,
Washington, D. C.:

We strongly indorse the Strong bill (H. R. 14041) as favorably reported by the Banking and Currency Committee of the House. We believe it is of prime importance in the development of the system. We sincerely trust that it will pass this present session of Congress, as we consider it of importance that it be made effective as soon as possible.

JAMES B. DAVIS,
President Federal Land Bank of Louisville.

—

OMAHA, NEBR., *February 14, 1923.*

FEDERAL FARM LOAN BOARD,
Washington, D. C.:

We have given careful consideration to the Strong bill, now pending in Congress. We consider it is very wisely drawn, and provides very necessary and desirable changes in the farm-loan act, which, if enacted, will strengthen the Federal land banks and enlarge their opportunities to serve borrowers. This bank is ready and willing to pay its share of the expenses of the Farm Loan Board and relieve the Government of that expense. The plan for electing directors of the Federal land banks safeguards both the interests of the borrowers and the interests of investors who furnish funds for loans. Section 3 provides a method by which associations may voluntarily liquidate, which is lacking in the original act. The provision increasing the maximum loan limit to $25,000 is very greatly needed in order to accommodate borrowers operating ordinary farm units, many of whom were tenants, who are struggling hard to pay for homes for themselves and families.

Farmers can not keep their sons on the farm unless they have farm units of sufficient size to keep them profitably employed and of sufficient size to divide and start their sons as farm owners instead of tenants when they marry and start out for themselves. The restriction providing that all applications for loan, between $16,000 and $25,000, shall be submitted to the Farm Loan Board at Washington should, however, be eliminated, as it will cause unnecessary delay in closing loans and consequent dissatisfaction with the system. Over the larger part of our district loyal and faithful secretary-treasurers give prompt and efficient farm-loan service to the farmers in their communities. Other localities, however, are not served by associations and should have the opportunity of procuring their loans through agents as provided in the Strong bill. Experience has proven that it is of utmost importance for the Federal land banks to join together in marketing their bonds. Section 6 provides a practical organization for the sale of our bonds, aiding not only in securing a better market but also promoting economy, simplicity, and prompt and efficient service and is altogether desirable.

D. P. HOGAN,
President Federal Land Bank of Omaha.

—

ST. PAUL, MINN., *February 15, 1923.*

CHAS. E. LOBDELL,
Farm Loan Commissioner, Washington, D. C.:

We and our organizations favor all the amendments in the Strong bill except the last amendment. Our associations believe the last amendment could well be left out at this time. We strongly urge the passage of all the other amendments in order to increase the efficiency and service of the Federal land bank system.

E. G. QUAMME.

—

HOUSTON, TEX., *February 14, 1923.*

FEDERAL FARM LOAN BOARD,
Washington, D. C.:

Our executive committee feels that the proposed amendments to the farm loan act outlined in the Strong bill will increase efficiency of service to eligible borrowers. There is special need of increase in loan limit in this district. We furthermore feel that the matter of permanent organization ought to be settled; and, speaking generally, we favor the Strong bill.

THE FEDERAL LAND BANK OF HOUSTON,
By M. H. GOSSETT, *President.*

—

BALTIMORE, MD., *February 15, 1923.*

Judge C. E. LOBDELL,
Federal Farm Loan Board, Washington, D. C.:

The board of directors of the Federal Land Bank of Baltimore, in regular session, unanimously approved H. R. 14041, known as Strong bill now before Congress and instructed me as secretary to wire this approval to the Farm Loan Board.

C. R. TITLOW,
Secretary the Federal Land Bank of Baltimore.

—

SPOKANE, WASH., *February 15, 1923.*

Hon. CHAS. E. LOBDELL,
Farm Loan Commissioner, Washington, D. C.:

Our executive committee favors the Strong bill as reported by House Committee on Banking and Currency; other than that we doubt advisability of designating seventh director as ex officio chairman of board.

THOMSON, *Secretary.*

The CHAIRMAN. The time of the gentleman from Kansas has again expired.

Mr. STEVENSON. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. JONES].

Mr. JONES of Texas. Mr. Chairman and gentlemen of the House, I am always somewhat opposed to tinkering with a machine that is running in fine fashion. I understand that farm-loan bonds are selling above par, that more applications are on file than they are able to take care of, that the bonds are very much in demand, so I think if we make any radical changes in the system, in so far as the management of the system is concerned, it should be done very carefully and cautiously. There are two sections in the bill that seem to me to be calculated to interfere with the present workings of the system in the best way. Section 2 changes the methods of control and the election of directors of the banks, placing three in the hands of the farm-loan associations, three in the hands of the bank, and the odd one to be selected, as I understand, from three who have been approved by the farm-loan system.

Mr. STEVENSON. Will the gentleman tell us who appoints the directors who are now in control and have been up to the present time?

Mr. JONES of Texas. I understand they are appointed from those who are approved by the national associations.

Mr. STEVENSON. Oh, no; they are not. They are appointed by the President, and they have never had an opportunity to name one up to this time.

Mr. JONES of Texas. I just want to say that at the present time the voice of the associations has been pretty strong in it, and I understand that when the Government's money is returned and the permanent organization is formed six, perhaps, out of nine are to be selected by the farm-loan associations. At least that is the way I construe section 4 of the original act. However that may be, I think the principal objection to this bill, and that is what I want to discuss principally in view of the limited time which I have, is section 15, I wish gentlemen would look at it. There is just one great principle running through the farm-loan system, and that is this.

The present loans are made through loan associations consisting of 10 or more members. Let us take the gentlemen who are sitting on these two front seats. Suppose they get together and form a farm-loan association for the purpose of securing a loan. Each of those men must buy 5 per cent of stock in the Federal land bank, and each must be responsible

to the amount of 5 per cent of his loan for any loss that occurs among his neighbors.

Mr. HUDSPETH. My colleague has referred to section 15. I do not see it.

Mr. JONES of Texas. It is section 5 of this bill, amending section 15. It is true that under the proposed system of direct loans by agents the man is also responsible, but each neighbor is not responsible in the community organization for his neighbor. If Mr. CLARKE, for instance, and Mr. DENISON and Mr. RAINEY are going to be in this association and somebody tries to get in whose credit is not very good, or whose security is not very good, they look after that, and see to it that this man either makes his security good, or that he does not get in.

Now, if this measure is passed, the agent will come around—he will have a commission under it—he can make the loan direct. The motive of that agent will be to make the loan, because he gets a commission. The motive of Mr. CLARKE and Mr. DENISON is not only to secure the loan in passing on their neighbor's loan or the others in the association, but their motive is to make those loans safe, is not that it? Under the new plan as evolved, the agent gets a commission of 1 per cent. He goes into a community, and instead of getting 12 or 10 or some other number of men together, all of whom are interested primarily in making these loans safe, that agent's commission depends upon his making the loan, does it not? Of course, the borrower is going to be responsible over the whole banking district for any loss that occurred, but if he is only going to be responsible in that way, even though it is for the same amount, he is not particularly interested in the man in his locality having a safe loan. He will not pass on it, because it will be done through the agent. Now, the reason that these farm-loan bonds are selling above par is because the investor thinks they are absolutely safe.

Mr. YOUNG. Will the gentleman yield?

Mr. JONES of Texas. In a moment. The best way in the world to have somebody who knows the parties in a small local loan is to have the local association where each neighbor of 12 neighbors is interested in having the loan absolutely safe, because his loss, if there is any, depends on the delinquency of somebody in that community who forms part of that association. I favor increasing the loan limit. However, I think the bad features of the bill outweigh the good features.

The CHAIRMAN. The time of the gentleman has expired.

MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. SNELL having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 3955. An act to compensate Lieut. L. D. Webb, United States Navy, for damages to household effects while being transported by Government conveyance;

S. 4308. An act to authorize the general accounting officers of the United States to allow credit to certain disbursing officers for payments of salary made on properly certified and approved vouchers; and

S. 3084. An act to authorize and provide for the payment of the amounts expended in the construction of hangars and the maintenance of flying fields for the use of the Air Mail Service of the Post Office Department.

The message also announced that the Senate had passed with amendments the bill (H. R. 14254) to amend the act entitled "An act to create a commission authorized under certain conditions to refund or convert obligations of foreign governments held by the United States of America, and for other purposes," had insisted upon its amendments, had requested a conference with the House on the disagreeing votes of the two Houses upon the pending bill, and had appointed Mr. MCCUMBER, Mr. SMOOT, and Mr. WILLIAMS as the conferees on the part of the Senate.

FEDERAL FARM LOAN ACT.

The committee resumed its session.

Mr. STEVENSON. Mr. Chairman, I yield myself 10 minutes.

The CHAIRMAN. The time is in control of the gentleman from Arkansas.

Mr. WINGO. Mr. Chairman, I ask unanimous consent that the gentleman from South Carolina control the rest of the time.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. STEVENSON. Mr. Chairman, the gentleman met himself the first round. He said that the management that had control of things up to now and made this thing go like this did ought not to be interfered with. Then he complains we did not turn it over to somebody else absolutely without any string. The temporary organization of directors appointed by the President of the United States are to-day in the control of this institution and have been, and until the $100,000,000 of bonds of the farm loan association are taken out of the Treasury of the United States they will be in absolute control, and no association has had anything to say about the appointment or direction of directors and will not have until those bonds are taken out, and they are left for 14 years yet to act. In this amendment the first thing we propose to do is to turn over to the stockholders, regardless of that situation, the right to control and elect the majority of the directors of these institutions, because we are satisfied that now they will go on. Now, what is the proposition about that? They say now the original bill as introduced retained control of the majority in the Farm Loan Board. The committee did not stand for that. The committee said that this is a good concern, that everybody has confidence in it, and we did not intend to keep a hierarchy here that might override all the stockholders of this concern, and therefore they should have the right to take over a majority of the directors. We provided they elect three directors, that the board appoint three, and that the stockholders nominate from the district—say the District of Columbia banking district—nominate as many as they want, and the Federal Farm Loan Board can appoint one of the three highest. We give the stockholders the right to say from what list the other director shall be taken, and he is to be president of the board. But if these stockholders in a district nominate only one, the board has to take him. That is the provision. Do you want any other security than that for the stockholders?

Mr. HARDY of Texas. Will the gentleman yield?

Mr. STEVENSON. I will.

Mr. HARDY of Texas. For information, what is meant by the stockholders in a district?

Mr. STEVENSON. The stockholders in a district are the stockholders of the farm-loan association and the people who borrow through the agency.

Mr. HARDY of Texas. If the association disappeared, they still have——

Mr. STEVENSON. I am glad the gentleman asked that question, because there is no chance that the association would disappear.

Mr. HARDY of Texas. That is what I wanted to know.

Mr. STEVENSON. The gentleman referred to section 5 and to section 15 but did not read it. Now, I want you to look at that language as it stands to-day. Look at section 15 as it stands to-day. I will read it:

SEC. 15. That whenever, after this act shall have been in effect one year, it shall appear to the Federal Farm Loan Board that national farm-loan associations have not been formed and are not likely to be formed in any locality because of peculiar local conditions, said board may, in its discretion, authorize Federal land banks to make loans on farm lands through agents approved by said board.

Mr. JONES of Texas. They can only make loans through the banks and trust companies, which must indorse the loans.

Mr. STEVENSON. I will come to that. The gentleman who sent this propaganda about this morning said that they can not do so under this bill; that they have to have the banks and trust companies and nobody else can act as agents, and therefore you can not make the loans regardless of that restriction. We have fixed it so that farm-loan banks can have any agent they want.

Mr. BEGG. If the Government makes money available at the lowest possible rate of interest, do you think it is then obligated to hire men to go around and solicit people to take that money?

Mr. STEVENSON. No, sir; the Government is not. The Government is not obligated to establish a farm-loan bank, but it is doing it, and the problem is to get for every farmer in this country a chance to avail himself of that opportunity.

Why do we put this agency proposition in here? Why have we liberalized it here? Because there was a community where 15 or 20 men in a county would organize an association and get their loans and then shut up business.

Let me read the language we have put in there, under which they are better off than in the original act:

When a local farm-loan association fails, neglects, or refuse to serve properly the needs of any territory in its locality—

And I hope the gentleman from Texas [Mr. HARDY] will get that, because I want him to understand that—

When a local farm-loan association fails, neglects, or refuses to serve properly the needs of any territory in its locality, then the board, after 30 days' notice to said association—

And so forth. We give them the opportunity of repentance, and if they do not take it, it is their own fault. Then, after 30 days' notice it may authorize the Federal land bank to make such loans as are approved by the board. Is there anything unfair about that?

Then, over on page 11 we have a provision that—

Whenever any local farm-loan association, located in territory served by an agent, appointed under the provisions of this section, shall by resolution declare its willingness to serve the prospective borrowers in such territory and transmit a copy of such resolution to the Federal Farm Loan Board, the Federal Farm Loan Board shall at once instruct the Federal land bank of that district to discontinue taking applications through agents in such territory—

And so forth. Then the Farm Loan Board can not loan through the agent at all. It has got to go back to the association.

Mr. TINCHER. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. TINCHER. Is not the bill under consideration valuable from the fact that on page 9, for instance, it gives reasons? It provides—

To liquidate indebtedness of the owner of the land mortgaged incurred for agricultural purposes, or incurred prior to January 1, 1922.

I know of a number of farmers who are being deprived of the privileges under this law by reason of the narrowness of the act.

Mr. STEVENSON. Yes. That is another amendment that we have made. We have made it prior to January 1, 1922. We have heard about deflation, and we have heard how the farmers have been injured by it. We provide that up to January 1, 1922, the farmer who has got in debt, whether for agricultural purposes or not, has the right to liquidate the indebtedness. When gentlemen talk about getting cheap money, we propose that the man who borrowed before January 1, 1922, shall be allowed to redeem his home under the provisions of this act.

The gentleman says the agency does not have to indorse. No bank has the right to indorse, and no bank has indorsed, and no loan has been made through the agency under that provision. But remember that when people borrow through an agency the bank shall set aside a certain part of the stock going to the reserve fund. We create a great reserve fund there to take care of any defaults that are made by any of these direct borrowers for whom the other borrowers did not stand, so that the great mass of direct borrowers will be standing for themselves only, and they will have a reserve fund there out of the reserve fund created by those direct borrowers which will enable the bank to get its money.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. BURTNESS. Will that have to be paid back to the individual stockholder?

Mr. STEVENSON. That will come when you come to liquidate the bank. That will be taken into account when you settle with the stockholders under the 40-year term.

Mr. BURTNESS. That does not provide that the shareholders shall be liable, but the next paragraph determines the liability of the shareholder, and that shareholder is not included.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. STEVENSON. I desire, Mr. Chairman, to take five minutes more, and then I will be through.

Of course, when the stockholder gets through and pays his loan and gets his settlement, the value of his interest in that reserve will be included and accounted for to him honestly, as all the insurance companies do.

Mr. BURTNESS. I would like to hear the gentleman also on the necessity or the reason for section 3 of the act providing for liquidation.

Mr. STEVENSON. Oh, yes; that is another of the complaints that the gentlemen all had this morning from Mr. Lyman. If the gentleman will turn to section 24 of the farm loan act he will see the following:

No national farm-loan association, Federal land bank, or joint-stock land bank shall go into voluntary liquidation without the written consent of the Federal Farm Loan Board.

That recognizes the right for a Federal farm-loan association to go into liquidation. All corporations can go into liquidation by the unanimous consent of the stockholders, and we have left it that way. They can not do it without unanimous consent. But there was no provision in there for what became of a man's stock in the farm-loan association when the association went into liquidation. He could not get it out. It was in a fix, where it was hung up between heaven and earth.

What did we put this in for? We put in this provision about what should become of the stock in order that there might be a settlement, and in order that the man would not lose his stock when the association went into liquidation.

Mr. BURTNESS. What relevancy has that to the original act to which it is appended?

Mr. STEVENSON. Section 9. That section provides merely for what becomes of a man's stock after the association liquidates, as provided for under the farm loan act as originally enacted. That is all it does. I do not think anybody will say that it is unjust or improper. It is not only just but exceedingly proper.

Now, as to the size of the loan, we had a great deal of trouble in that, and here is how we reached the figure $16,000. Everybody from all over the United States testified on this matter. If any one of you wants to look at it, you can read it in the hearings. The committee had its own idea, that the ideal farm unit in the Middle West was 160 acres, and the Farm Loan Board representatives testified that they had made it a rule that they would never loan more than $100 an acre for farm-loan purposes even in Iowa.

That made for the ideal farm unit the maximum loan of $16,000, and we put it at $16,000, and we provided that the man wanting $10,000 or less should be cared for first. Then occasionally an exceptional circumstance arises where it is necessary for some man to get a larger loan than that to pay for or save his farming outfit and his farm unit, and we provided that under exceptional circumstances they may submit an application to the board, and if the board see fit they may make a loan up to the limit of $25,000; but that is only under exceptional circumstances, and the small man must first be cared for before that is done. That is the situation as to that.

Now, gentlemen, a good deal of misinformation has gone out. There is just one other thing I want to advert to. This young man has sent you this statement about the loan associations all being opposed to this bill. I want to call your attention to the hearings at page 122. In the first place I call attention to the fact that this young man claims to represent only 800. His own testimony shows that there are over 4,000 of these associations, so as to numbers he represents only a minority of 20 per cent.

This bill has been submitted to the farm-loan associations of this country as originally introduced. Since then it has been cut all to pieces and rewritten three times, and I consider it a very good piece of legislation. As originally introduced it was submitted to the farm-loan associations of this country, and 1,017 people replied. Six hundred and seventy-four of them were for the first part of the bill; that is, where they take over the expenses. Nine hundred and sixty-five out of the 1,017 were for the second section, 905 were for the third, 919 for the consolidated bond section, 938 for the liquidation section, and 873 for increasing the loan limit. For the loan agencies there were 860 out of 1,017.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEVENSON. I yield five minutes to the gentleman from Mississippi [Mr. QUIN].

The CHAIRMAN. The gentleman from Mississippi [Mr. QUIN] is recognized for five minutes. [Applause.]

Mr. QUIN. Mr. Chairman, according to my conception, this measure changes the fundamental farm loan act, and I believe the changes in it deserve more than passing notice. For that reason in the closing days of the Congress I do not believe we ought to pass this bill. Every man on this floor knows that my heart and sympathies are with the farmers of the United States. In the caucus in 1913 in this very room for weeks a few of us fought to get this farm loan act made a part of the great Federal reserve system. We were unsuccessful, and did not finally get this bill through until the presidential-election year of 1916.

The enemies of that measure have gone the extreme limit, have run the entire gamut to tear down the Federal farm loan act. They even went so far as to get out an injunction and stop the Federal farm-loan associations of the United States from functioning for a long period of time. Now, one of the main things in the original act was to hold down to as small a sum as possible the amount that could be borrowed by any one farmer. That was finally agreed at the maximum of $10,000. I believed then it was wise to make it that low, and since this law has been in force I have still believed in the wisdom of the original act. So that every man in the United States who is a real friend of the farming classes knows in his heart and judgment that it should not be increased above that limit.

Mr. DICKINSON. Will the gentleman yield?

Mr. QUIN. I can not yield. My time is too short. In this bill they have increased the limit to $16,000. That is nearly double the amount that the original act carried. Why is it that the Federal farm-loan bonds are now marketed everywhere at above par? It is because they are secure from taxation and because the amount loaned to any one farmer is not sufficient to jeopardize these securities. A $10,000 loan has bonds back of it that of course will be better than if the limit were $16,000. Further, the amount of money that can go to these farmers in the United States is limited, and we must hold the sum down

instead of letting it go up. This bill even says they may go higher than $16,000. They may loan $100,000 to any farmer.

Mr. STEVENSON. Oh, no; not to exceed $25,000 under any circumstances.

Mr. QUIN. If this bill becomes a law, in my judgment it will jeopardize the effective operation of the Federal farm-loan system. All of us want to do all we can for the farmers of this country. I would love to see every man get half the value of his farm, even if he had a $100,000 farm; but we can not do it in a Government institution, because of the very fact that we know the resources of the United States become limited at times. The money available to buy these bonds becomes limited at times, and therefore we must hold the amount down to as small a sum as possible.

In all probability we can all the time find buyers for the bonds if we do not lend more than $10,000 to any one farmer. If the limit is raised to $16,000 and $25,000 the small farmers will not be able to secure loans. Another thing: The bonds may be forced below par, which would compel the farmers to pay a higher rate of interest.

The CHAIRMAN. The time of the gentleman has expired.

Mr. QUIN. May I have a little more time?

Mr. STEVENSON. I yield to the gentleman three minutes more.

Mr. QUIN. My good friend from South Carolina [Mr. STEVENSON], a member of the committee, says it may not be over $25,000. Suppose they inaugurate the system of making half the loans at $25,000. Do you not know that the small farmer who wants $500 or $1,000 or $1,500 would be in a measure deprived of his loan, and would not that in a measure cause the bonds to be a drug on the market? We might get too many of them for the amount of money seeking such investments.

Mr. STEVENSON. Will the gentleman yield?

Mr. QUIN. I yield to the gentleman from South Carolina.

Mr. STEVENSON. The gentleman has overlooked the proviso that preference shall be given to applicants for loans for $10,000 and less.

Mr. QUIN. Yes; you put the preference there, but when you come to the actual reality what are you going to do? You know that the great farm-mortgage companies of the United States in competition with this farm loan act have done all in their power to discredit it and to destroy it. You know that if you put such language as that in the bill the same forces will continue to make inroads against the operation of this law as it was originally intended; and if the United States Congress will listen to all the sirens that come asking to have amendments made to this act they will finally get it so that the small farmers can not borrow the money they need; and that is what I am afraid of, and we must be careful to prevent that. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEVENSON. I yield 10 minutes to the gentleman from Texas [Mr. BLACK].

Mr. BLACK. Mr. Chairman, since I have been a Member of Congress I have supported every bill that I thought would advance the cause of agriculture. I have done this because I thought it was for the interest of the Nation as a whole.

No other factor has contributed so much to make general prosperity possible in the United States as has the farming industry. Nothing is quite so essential to our future welfare as a nation, as a virile, home-owning, industrious contented rural population.

The measures which we have enacted from time to time to help agriculture have not always come up to our expectations in beneficial results, but I think it may be truly said there is one act which has not disappointed us.

That act is the farm loan act. Passed by a Democratic Congress in 1916 and signed by President Wilson on July 17 of the same year, it has now been in operation about six years.

During that time the 12 Federal land banks have loaned about $700,000,000 to 232,000 borrowing farmers. During the same period of time the joint-stock land banks have loaned about $230,000,000 to approximately 25,000 borrowers. Loans are now being made at the rate of more than $200,000,000 a year. It would be difficult to appraise the vast amount of good which has been wrapped up in this volume of business, in the lowering of interest rates, in providing an amortization plan of payments extending over a long term of years, and especially in making available funds for loans in sparsely settled and less-developed sections where the private loan companies had hitherto declined to go. These real benefits have been made possible, first, by reason of the fact that the law is based on sound and businesslike principles, and, second, because it has been administered in an able, conservative, and forward-looking manner. Naturally, in the administration of a law of this kind, owing to changed conditions and the profits of experience, it has developed there is need for some amendments.

The Farm Loan Board, under whose administration this splendid work has been done, in its several annual reports has recommended that certain amendments be adopted to the law. The gentleman from Kansas [Mr. STRONG] embodied the most important of these recommendations in the bill which he introduced several months ago. Our Committee on Banking and Currency has given full hearings on the bill, and after a painstaking consideration of every provision of the original Strong bill we have made certain important changes and modifications in it and it is now before us in a form which represents the collective judgment of the committee.

I want to notice in the brief time I have some of the major provisions of the bill. First, the bill provides that the expenses of the Farm Loan Board and its employees shall be assessed and paid by the Federal farm-loan banks and the joint-stock land banks in proportion to their gross assets. This is similar to the collection of the expenses of the Federal Reserve Board and its employees from the 12 Federal reserve banks. Inasmuch as all 12 Federal land banks are now on a dividend basis, I see no reason why that should not be done. This reason would all the more apply to joint-stock land banks, which are strictly private institutions under Government supervision. So far as I know it is universally agreed that this is a wise provision. No objection to it has been presented to our committee.

The next provision is one that has occasioned some discussion, and is that provision which provides that in the permanent organization of the Federal land banks there shall be a board of directors consisting of seven members. Under the present act when the permanent organization goes into effect there would be nine directors, six of them known as local directors, to be selected by the farm-loan associations, and three nominated and appointed by the Federal Farm Loan Board. The permanent organization has not yet gone into effect on account of an amendment which Congress adopted when it authorized the Secretary of the Treasury to buy $200,000,000 farm-loan bonds.

The provision we have in this bill is that three directors, known as district directors, shall be appointed by the Farm Loan Board. We also provide that three of the directors shall be elected by the national farm-loan associations. We provide that at the same time the associations elect these three directors they shall nominate three other men, and from that nomination of three the Federal Farm Loan Board will select the seventh director, who shall be known as the director at large and shall be chairman of the board.

Mr. KETCHAM. Will the gentleman yield?

Mr. BLACK. I will yield to the gentleman briefly.

Mr. KETCHAM. In the judgment of the gentleman, where would the actual power to control be vested under that sort of arrangement, where the Federal Reserve Board would select from three the man who, if an issue was closely drawn, would cast the deciding vote?

Mr. STEVENSON. If the gentleman from Texas will permit me, I think it should be stated that they nominate three while the stockholders nominate one.

Mr. BLACK. Whatever director at large is selected must be nominated by the national farm-loan associations and borrowers through agencies. Let me give the reason why I think that is absolutely a fair proposition. We will all agree that the success of the whole system rests upon the ability to market the bonds. The investment public furnishes nineteen-twentieths of all the capital available for loans. The borrowers furnish only one-twentieth, because the law only requires them to take one-twentieth of the amount of their loans in stock. Now, is it not reasonable that the investment public, which furnishes nineteen-twentieths of the capital to operate the system, should have a fair representation through district directors selected by the Farm Loan Board?

Is there anything unfair, I will ask the gentleman from Michigan, in providing that three of these directors shall be appointed by the Farm Loan Board, three elected by the farm-loan association, and one director at large appointed from those nominated by the associations? Where is that unfair? It seems to me not only fair but eminently wise and proper.

Mr. KETCHAM. Fundamentally this is not desired as a measure of relief to the man who wants to invest but to the man who wants to borrow, and his interest is the predominant interest.

Mr. BLACK. How will they borrow unless the investment public buys the bonds? We must protect the system so that the public will have confidence and invest its funds. Once the confidence of the public is shaken in the ability of the management, then the system will go upon the rocks. Some gentlemen do not seem to recognize that fact.

Mr. KETCHAM. The answer to that is that the investing public are buying the bonds in increasing amounts and are happy to get them.

Mr. BLACK. And the answer to that is that up to this time all the directors have been appointed by the Farm Loan Board. [Applause.] Now, let me go further. Under another provision of the bill to which there has been a great deal of criticism directed, it is provided that in cases where the National Farm Loan Association have failed or refused or neglected to function, the Federal land banks may permit the making of loans to eligible borrowers through a direct agent. I will agree with my friend from Texas [Mr. JONES], who spoke awhile ago, that the system, looking at the entire results, has been an eminent success; but there have been counties where the borrowing farmer or those who wanted to borrow have not been adequately served. The system as a whole has functioned remarkably well. We have loaned $70,000,000 to something like 25,000 farmers in Texas. But I have a letter here now, signed by Mr. J. Y. Roberts, who lives in Judge HARDY'S town, secretary of a farm-loan association, who points out an instance where the people of a large agricultural county are not being served.

Here is what he said, and it illustrates the kind of cases that this bill is intended to reach:

> I think where eligible farmers are not being served that the Federal land bank ought to have the authority to remove the secretary-treasurer and put another in his place who would serve the farmers as they should be. There is a great agricultural county adjoining Navarro County with an association at the county seat, and it has been organized four years, and it has closed only eight loans to the sum of $13,000, and not a single loan has been closed in a year.

Mr. Roberts, in an adjoining county, is the secretary-treasurer of an association that has loaned possibly more than any other association in the United States, something more than a million and a half dollars. These instances show how some associations are functioning and some are not. Let me also read from a letter which I received from Mr. M. H. Gassett, president of the Federal farm-land bank at Houston, Tex. He says:

> While the Federal Land Bank of Houston broke all records in December, 1922, in the closing of 1,280 loans in the sum of $3,647,000 and with a promise of closing probably $3,000,000 during January, yet the body of this business came from about two-thirds of our 341 national farm-loan associations in this district. Many associations are inactive, some of them not having placed a loan in a year. Many secretary-treasurers are incapable or indifferent and are wholly failing to afford opportunity to eligible farmers in many parts of this State to avail themselves of Federal land-bank loans. If the Farm Loan Board had the right to appoint agents to operate in territories where there are no farm-loan associations, or where organized farm-loan associations are not functioning, many eligible farmers now being denied our services could receive same.

It is only in cases of that kind that the Farm Loan Board has the right under this bill to appoint agents.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. BLACK. Mr. Chairman, under leave to extend my remarks, I want to briefly refer to the two other major propositions in the bill:

1. The maximum loan limit is increased from $10,000 to $16,000, with a provision that in special cases loans may be made as high as $25,000 upon express approval of the Farm Loan Board. This section of the bill contains a provision requiring that loans under $10,000 shall be given the preference and insures that in times of scarcity of funds the small borrower shall be served first. I especially approve this last-named provision because it safeguards the system to the man it was primarily designed to help, to wit, the small borrower. Personally, I would like to hold the amount to not exceed $16,000, and will support Mr. STEAGALL'S amendment to that effect.

2. The bill provides for joint issues of bonds by the 12 Federal land banks. The original act provided that every time a farm-loan bank had closed loans to the amount of $250,000 it should make a separate offering of its bonds. This provision of law has proven inadequate and unsatisfactory, and this was early recognized by the administrators of the system, and all the banks by resolution called on the Farm Loan Board to handle the sale of bonds in group and in large volume instead of in separate and small issues. The last issue of bonds was $75,000,000, which were sold at par, bearing 4½ per cent interest.

It is the purpose of the pending bill to continue this system of selling the bonds, with some improvements.

It is my very earnest conviction that the adoption of this bill will increase the usefulness of the farm-loan system, and therefore I shall support it.

I am anxious to aid the success of the system in every way that I possibly can.

[By unanimous consent, Mr. BLACK was granted leave to extend his remarks in the RECORD.]

Mr. FOCHT. Mr. Chairman, I ask unanimous consent to proceed for three minutes.

The CHAIRMAN. That can not be done in Committee of the Whole. The time has been fixed.

Mr. BEGG. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BEGG. How does it happen that nearly every speaker on the floor speaks for the measure? I thought under the rule passed by the House that there was an absolute guaranty that the opponents of the measure would have time allotted them.

The CHAIRMAN. Three hours of general debate was provided for in the rule, and the purpose of the Chair is, as far as possible, to protect the rights of both sides.

Mr. BEGG. Up to date that has not been the case.

Mr. YOUNG. Their rights have not been protected up to this time. We will expect some better attention from the Chair from this time on.

The CHAIRMAN. The Chair recognized the gentleman from Pennsylvania [Mr. MCFADDEN] for one hour. He is the chairman of the committee. He is in favor of the bill. After Mr. MCFADDEN yielded the floor and reserved the remainder of his time, the Chair then recognized the gentleman from Arkansas [Mr. WINGO], who is opposed to the bill.

Mr. YOUNG. But he is for the bill.

Mr. BEGG. I will say that kind of recognition absolutely deprives the opponents of this bill of any time, save one-half of one-half, or one-quarter, and I do not believe the parliamentary situation and the rules of the House permit any such division of time.

The CHAIRMAN. The House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of this bill by virtue of a special rule, by the terms of which debate was limited to three hours, one-half to be controlled by those against it and one-half by those in favor of it. There was no provision and no unanimous-consent agreement as to who should control the time, and under the general rules the Chair had to recognize some gentleman who was in favor of the bill. Pursuant to that policy he recognized the gentleman from Pennsylvania [Mr. MCFADDEN]. Subsequently, after Mr. MCFADDEN had used 17 minutes of his time and had taken his seat, reserving the remainder of his time, the Chair recognized the gentleman from Arkansas [Mr. WINGO], who rose and stated that he was opposed to the bill. The Chair recognized him for one hour, pursuant to the general rules of the House. It is not within the province of the Chair to order these gentlemen who have been recognized to reallot their time. That is a matter for determination by them according to equity and good conscience.

Mr. BEGG. I raise the question with the Chair in all seriousness, whether, if he recognized some gentleman as against the bill and that gentleman turns around and yields the time to men in favor of the bill, the Chair has not the absolute authority to refuse the floor to that man.

The CHAIRMAN. It has never been done within the history of the Congress, and the Chair would not presume to assume such high-handed authority.

Mr. STEAGALL. As far as this side is concerned, there is no complaint.

Mr. BEGG. I should like to ask one other question. Will the Chair give us a statement as to the time consumed on this measure up to date? We have been debating the measure for nearly one hour and a half, or more than that time.

Mr. DEAL. Mr. Chairman, the gentleman from Alabama [Mr. STEAGALL] says that so far as this side is concerned there is no complaint, but I want to join with the gentleman from Ohio [Mr. BEGG] in raising a complaint, that the opposition to this bill has not been given the time on this side.

The CHAIRMAN. The Chair will recognize the complaints one at a time. The gentleman from Pennsylvania had 60 minutes at his disposal. He consumed 18 minutes and yielded 22 minutes, plus 5 minutes, to the gentleman from Kansas [Mr. STRONG].

Mr. BEGG. That is for the bill. That is 45 minutes.

The CHAIRMAN. The gentleman from Arkansas [Mr. WINGO] had 60 minutes. He yielded 10 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH], 5 minutes to Mr. JONES of Texas, 15 minutes to Mr. STEVENSON, 5 minutes to Mr. QUIN, 2 additional minutes to Mr. QUIN, and 12 minutes to the gentleman from Texas [Mr. BLACK].

Mr. BEGG. That makes about 15 minutes of debate against the bill.

Mr. STEVENSON. I desire to say one word. The gentleman continues to wave his hand over here. I have been yielding the time, and I have offered it to every fellow over here who has asked for it, who is against the bill, and some of them are still waiting. I could only yield them time as they wanted it. I can not take them by the nape of the neck and make them speak, and I resent the intimation that we are dealing unfairly with anybody.

Mr. DICKINSON. Mr. Chairman, I call for the regular order.

Mr. STEAGALL. As to the time under our control I yielded——

The CHAIRMAN. The Chair does not think it is within the province of gentlemen to criticize the action of the Chair or gentlemen in charge of the bill. There is one hour of debate after these two gentlemen have consumed their time. It is the purpose of the Chair to deal fairly in this matter, as can be under the existing situation.

Mr. MONDELL. Mr. Chairman——

Mr. YOUNG. Mr. Chairman——

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. YOUNG. A parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. YOUNG. Is it true the gentleman promised 35 minutes to the gentleman from Wisconsin [Mr. NELSON] after their two hours are up?

The CHAIRMAN. That is not a parliamentary inquiry.

Mr. MONDELL. Mr. Chairman, if I may be permitted to make a suggestion. There are to be three hours of debate under the rule. Two gentlemen have been recognized. One gentleman is clearly in favor where the other gentleman favors some of its various features, and may I suggest it would be well to yield before the two hours of gentlemen who have been recognized are consumed to a gentleman on the committee who is against the bill—recognize him for an hour and the time then can be divided as the debate goes on.

Mr. McFADDEN. Men against the bill have already had part of the time.

Mr. MONDELL. There has not been any time yielded against the bill. Even with an hour used wholly against the bill the time will be unevenly divided.

The CHAIRMAN. The Chair is of opinion, in order to avoid further confusion, that the hour of the gentleman from Pennsylvania and the hour by the gentleman from South Carolina had better be consumed before taking up——

Mr. MONDELL. Mr. Chairman, that is not the ordinary method of procedure. It is not a fair way of conducting the discussion, and if I may be allowed I would suggest that a member of the committee [Mr. MACGREGOR], who is opposed to it, have recognition at this time and yield some time.

The CHAIRMAN. Does the gentleman from Pennsylvania desire to reserve the balance of his time?

Mr. MONDELL. If the gentleman from New York is recognized at this time debate for and against the bill could go on together.

The CHAIRMAN. Does the gentleman from Pennsylvania desire to reserve the balance of his time?

Mr. McFADDEN. I do.

The CHAIRMAN. Does the gentleman from South Carolina desire to reserve the balance of his time?

Mr. STEVENSON. If I have any time.

The CHAIRMAN. The gentleman has 10 minutes remaining.

Mr. STEVENSON. I will reserve that.

The CHAIRMAN. Is there any gentleman on the Banking and Currency Committee who is opposed to the bill?

Mr. MACGREGOR. I am opposed to the bill.

The CHAIRMAN. The Chair will recognize the gentleman.

Mr. MACGREGOR. Mr. Chairman, without desiring to offend the sensibilities of the gentleman from Idaho, this seems to be an attempt to take the intestinal stamina out of the Federal farm loan act. The farm loan system has been in operation for some six years. It has up to the present time loaned to the farmers of the country something like $700,000,000. The total mortgage debt of the farmers of the country is $8,000,000,000. At the present rate of progress, if the doors are opened wide, as is sought by this bill, practically all the farm debt of the country will be within a very few years lodged with the Federal Government. The original proposition, the intention, the idea of the Federal farm loan system was to furnish relief to poor farmers and to reduce tenantry on farms. It was also to inculcate into the minds of the farming community of the country the cooperation idea. Now, this measure seeks to strike out the cooperative idea and to have the Federal Farm Loan Board appoint agents who can make loans directly through the Federal land banks, and it is a very important question as to whether Congress desires to destroy that system, which has been of great benefit, and make it of such a nature that all farm loans of the country shall be practically lodged with the Federal Government and, furthermore, create a vast political machine which will be subject to manipulation by a very few men in the country.

Mr. DICKINSON. Will the gentleman yield?

Mr. MACGREGOR. Briefly.

Mr. DICKINSON. The loan associations of this country, amounting to 4,600, have answered the questionnaire in reference to this agency provision; 1,089 are for the provision and 389 against.

Mr. MACGREGOR. That does not answer the question.

Mr. DICKINSON. It shows they are favorable to it, does it not?

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. MACGREGOR. The gentleman has had a lot of time, and I think gentlemen in favor of the proposition have had an abundance of time.

Mr. STRONG of Kansas. Does the gentleman decline to yield?

Mr. MACGREGOR. I decline to yield.

Mr. STRONG of Kansas. I thought the gentleman would if he got the time.

Mr. MACGREGOR. Now, under the present system the farmers of the communities are required to get together and present their applications for loans as an organization. They are responsible, each of them, for the loans granted through their organization. The only system of agents at the present time is that some financial institution in a community may be appointed an agent, and then if the agent turns that loan into the Federal farm loan system it must become liable for the loan. Now it is proposed that land banks shall appoint agents who do not have any responsibility so far as the loans they secure are concerned, but they go out through the country scouring the highways and byways as representatives of the Federal Reserve Board for the purpose of securing more loans for this system. There is no liability back of these loans secured through the agents coordinate or equal to the liability created through the association. It weakens the very foundation of the system.

Now, to go beyond that, in the creation of the boards of directors of Federal land banks it enlarges the power of the Federal Farm Loan Board. We have at the present time six directors, three elected by the local associations and three appointed by the Federal Farm Loan Board. Now it is proposed that we shall have three appointed by the Farm Loan Board, three elected from the local districts, and one, who shall be chairman ex officio of the land-bank board, appointed by the Federal land board, and so the Federal land board controls the board.

Mr. STRONG of Kansas. Mr. Chairman, will the gentleman yield?

Mr. MACGREGOR. No; I must decline to yield.

Mr. STRONG of Kansas. The gentleman is not stating the facts.

Mr. MACGREGOR. I must decline to yield.

The CHAIRMAN. The gentleman must not interrupt the gentleman occupying the floor without his permission.

Mr. MACGREGOR. Having the balance of power in the board, having the power to appoint these agents throughout the country, they thereby have an excessive power of control, a control over the very fate of it; and the very amendment contained in the act must necessarily, in my opinion, destroy the local association, because no man is going into an association of farmers and become liable for the mortgages which those associations make when he can go to an agent of the system and secure his mortgage and not assume any greater liability than that entailed in the mortgage itself.

Now, take another amendment, and I speak only briefly to these amendments: With reference to the increase in the limitation of the loan, it was the poor farmer who was sought to be aided by this statute, and $10,000 was placed as the limit of the loan. But now come the farmers of the Middle West, who have inflated the values of their land beyond all comprehension—and they acknowledge it, almost, that they have increased the asking price of these lands in the western country out of all proportion.

Take the situation out in Iowa, for instance, where land worth, two years ago, $95 an acre is to-day appraised at $227, and all through that country they have increased the asking price of their land, and therefore they come in here and ask for a greater allowance for the operation of the land. Up in my country any farmer who had a farm that was worth $50,000 would be regarded as a rich man, and it would not be necessary for him to go to a Government agency in order to secure sufficient funds to finance his operations. [Applause.]

That is how you are going to help the poor farmer! That is how you are going to reduce the number of tenants on farms in this country, by increasing the loan limit! The tendency of an increased loan limit would be to deny to the poor farmer any loan at all, because it will always be easier for these institutions to handle a large loan than a small one,

and when a fellow who wants $200 or $300 comes along they will say, "We can not deal with you; we have this fellow, who wants $25,000, to take care of."

That is an instance of the viciousness of this system. The incentive would be to increase the value of these lands by speculation, because they can secure large loans from the Federal Farm Loan Board on farms throughout the West, and in that way they would go on increasing the value, because they would be able to get the money to finance the operation.

These land boards have put out $700,000,000. They have had up to the present time very good success. Two years ago they were complaining that they could not get it out fast enough; that they could not float the bonds. But within the last year they have put out $224,000,000 of it. Seventy-four thousand farm owners during the past year have taken advantage of the system, and it seems to me that that is increasing fast enough for the good of the country.

It is not more credit that the farmers need. It is an outlet for their products. And here they are trying to create more and more debt, and at the same time complain that they are laboring under the burden of present debt.

Furthermore, this creates, as I say, a political machine.

Mr. A. P. NELSON. Mr. Chairman, will the gentleman yield there?

Mr. MACGREGOR. No; I can not yield.

It is detrimental to the poor farmer, and it can not be of any benefit whatever to the great farming communities of the whole country. The poor farmer, the man whom we sought to benefit by the original passage of this act, will not be benefited. [Applause.]

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from New York reserves the balance of his time. Seven minutes remain to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. MCFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. A. P. NELSON].

The CHAIRMAN. The gentleman from Wisconsin is recognized for five minutes.

Mr. A. P. NELSON. Mr. Chairman, in five minutes it would be impossible to make anything like a comprehensive survey of this bill. I want to speak on one or two features that have been proposed. The first thing I want to address myself to is the increase of the loan limit from $10,000 to $16,000, and under certain provisions and authority of the Farm Loan Board that limit may be increased to $25,000.

It is said this will operate against the poor farmer, and the last speaker, the gentleman from New York [Mr. MACGREGOR], said we are trying here by this extension to take care of the rich man instead of taking care of the poor man. We have provided against that possibility by making the provision that the Federal Farm Loan Board shall give preference to loans of $10,000 and under. Therefore that argument falls of its own weight. And I wish to say further that in this bill we have tried to make the farm loan act operative in the large agricultural centers of the Middle West, where we find that at the present time there is essential need for it in order that the distressing condition of the farmers in that section may be ameliorated.

In the hearings that have been held on this bill and in the statements of the members of the Federal Farm Loan Board and the statements of experienced men who have been out in the field we find all agree and believe that the present limit should be increased and that we should increase the limit from $10,000 to $16,000, and under certain conditions the limit should be increased to $25,000, at the discretion of the Federal Farm Loan Board.

Mr. HUSTED. Will the gentleman yield?

Mr. A. P. NELSON. For a brief question.

Mr. HUSTED. Can not the little farmers get all the help they want now under the law as it stands to-day?

Mr. A. P. NELSON. Yes; up to the limit of $10,000.

Mr. HUSTED. The man who does not want a big loan can get all the help he wants under the law as it stands to-day?

Mr. A. P. NELSON. Yes. He can get a limit of $10,000.

Mr. HUSTED. May I ask one more question?

Mr. A. P. NELSON. I have only five minutes.

Mr. HUSTED. This is very brief.

Mr. A. P. NELSON. Very well.

Mr. HUSTED. I want to ask you whether the big farmer who wants a loan of $25,000 and is strong enough to have it can not get all the relief he needs from other sources without any amendment to this act?

Mr. A. P. NELSON. That may be so, but after you have taken care of the small farmer there is no reason why the man who needs a larger loan should not have the privilege of getting it in the Federal land-bank system.

Mr. HUSTED. I do not know about that.

Mr. A. P. NELSON. The other thing to which I wish to address myself briefly is this——

Mr. SINCLAIR. Does the gentleman know there are about twice as many applications for loans pending now as the farm-loan banks can accommodate?

Mr. A. P. NELSON. No.

Mr. BEGG. Are they good loans?

Mr. SINCLAIR. Yes.

Mr. BEGG. I should like to know where they are. There is more money available than there are loans.

Mr. A. P. NELSON. The bond market, I think, is sufficient to take care of all loans, both small and large, where the applications can properly pass the scrutiny of the appraisers and Federal land-bank requirements. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. MACGREGOR. I yield five minutes to the gentleman from New York [Mr. MAGEE].

Mr. MAGEE. Mr. Chairman, I desire to make some remarks on the modified proposal of Mr. Ford for the acquisition and lease of Government property at Muscle Shoals. From whatever I may say I trust that no one will draw an inference of any intention on my part to criticize anyone. Mr. Ford, like any other citizen, has the right to submit a proposal to the Government without being criticized therefor, and to drive as hard a bargain as he can. But any citizen has the right to express his views in the premises, a right that I propose to exercise, confining my remarks to the subject matter of the proposal.

Mr. Ford submitted this proposal under date of January 25, 1922. It should be permitted to repose in the legislative wastebasket. An offer is made to form a corporation which will purchase Government property that cost approximately $85,000,000 for $5,000,000, payable $1,000,000 upon the acceptance of the offer and $1,000,000 annually thereafter until the purchase price shall be fully paid, with interest at the rate of 5 per cent per annum on deferred payments. In a communication from the Secretary of War to the Speaker of the House, under date of February 1, 1922, it is indicated that this property has a scrap value of $8,812,000 and a sale value of $16,272,000.

The company agrees to pay $35,000 annually for repairs, maintenance, and operation of Dam No. 2, and $20,000 annually for repairs, maintenance, and operation of Dam No. 3, during the lease period. If a dam should be destroyed by violence, by extraordinary flood, or by any other means during such period the Government would have to replace the same. It is estimated that it would cost $45,000,000 to replace Dam No. 2. This prospective liability of the Government is worthy of serious consideration. The company would pay no taxes on the valuable property leased.

For the purpose of enabling the Government to provide and create a sinking fund to retire the cost of Dam No. 3 at the end of 100 years, the company would pay at the beginning of the fourth year and annually thereafter during the lease period $3,505, and to retire the cost of Dam No. 2 would pay at the beginning of the seventh year and annually thereafter during such period $19,868.

Perhaps the most important provision is contained in section 3, providing for the lease of Dam No. 2 and appurtenances for 100 years for the annual rental of 4 per cent of the actual cost of acquiring lands and flowage rights and of completing the locks, dams, and power-house facilities, but not including expenditures and obligations incurred prior to approval of this proposal by Congress, payable annually at the end of each lease year, the construction work to be performed by the company. It will be apparent that this practically amounts to the Government loaning money to the company for 100 years at the nominal rate of 4 per cent. However, the proposal contains several provisions of material financial advantage to the company, which, when given due consideration, means an actual rate of interest materially less than 4 per cent.

The proposal has not now any binding force, because the Government since its submission has entered upon the completion of Dam No. 2. For work during this fiscal year the Congress made an appropriation of $7,500,000. The Army appropriation bill for the fiscal year 1924 carries an additional appropriation therefor of $6,998,800, and also an authorization to the Secretary of War to enter into contracts for such machinery, gates, or other metal parts and for such materials to be used in the construction of the locks, dam, and power house as may be necessary to prosecute the said project, and not to exceed in the aggregate $10,501,200.

Having in view this declared policy of the Congress and appropriations for the completion of Dam No. 2 and the above provision in section 3 that the annual rental of 4 per cent of the actual cost therein referred to shall not include expenditures and obligations incurred prior to approval of this proposal by Congress, it will be apparent that the proposal is as dead as Julius Cæsar, as it should be, not being at all in the public interest.

The political force in the proposal is found in section 15, which holds out to the farmers of the country a hope that they may be supplied with commercial fertilizer at fair prices. Under section 14 the company agrees to operate nitrate plant No. 2 at the approximate present annual capacity of its machinery and equipment in the production of nitrogen and other fertilizer compounds, said capacity being equal to approximately 110,000 tons of ammonium nitrate per annum, throughout the lease period. Under section 15 the company agrees that the maximum net profit which it shall make in the manufacture and sale of fertilizer products at nitrate plant No. 2 shall not exceed 8 per cent of the actual annual cost of production thereof.

It will be apparent from examination of these provisions in said sections that while the company agrees to operate said nitrate plant at capacity, it does not agree to sell a pound of fertilizer except upon the basis of a net profit of 8 per cent thereon. This nitrate plant No. 2 is a cyanamid-process plant, a process that is now conceded to be obsolete. Under the modern process of extracting nitrogen from the air, power is not a basic consideration. A plant can be constructed anywhere for the fixation of nitrogen at an approximate cost of $4,000,000 or $5,000,000.

It is conceded that the primary power at Muscle Shoals is too valuable to be used for fertilizer purposes. The use of secondary power, being intermittent power, therefore, would have to be supplemented by steam power. A plant thus operated, in the opinion of great hydraulic engineers, could not successfully compete with modern plants using a modern process for the production of nitrogen. (See supplement to House hearings on sundry civil appropriation bill, 1922, 66th Cong., 3d sess.)

No commercial fertilizer has ever been manufactured at Muscle Shoals and, in my judgment, none ever will be. Muscle Shoals is a power proposition. It has never been anything else and never will be. If the Congress should determine to furnish commercial fertilizer to the farmers at reasonable prices, which is most commendable, then the Congress should provide for the construction of modern plants in localities where distribution of products can be readily made. It is futile to attempt to supply the farmers of Kansas, Illinois, North Dakota, Montana, and Oregon with fertilizer manufactured at Muscle Shoals under an obsolete process. However, if Congress is insistent upon entering into a contract with the Ford company and providing for the manufacture of commercial fertilizer at Muscle Shoals, then the contract should require not only the production of nitrogen and other fertilizer compounds at the present annual capacity of nitrate plant No. 2, but also the sale of commercial fertilizer by the company to the farmers of this country, regardless of any profit thereon, and not in excess of the market price thereof.

In my judgment, the hysteria over Muscle Shoals is not worthy of serious consideration. After years of investigation and discussion Congress finally determined upon its policy in reference to water-power development, as set forth in the act approved June 10, 1920. Section 6 thereof provides that licenses under the act shall not be issued for a period exceeding 50 years. No reason can be given why the Congress should now reverse this policy. We should not go along the lines of least resistance. The Government should be administered for the public advantage, not for partisan and individual advantage. It is our duty to tackle the great problems that come before us and solve them solely in the public interest. If we do less than that we fail and insert in the lexicon of the Republican Party a word that Abraham Lincoln struck therefrom more than 60 years ago.

I appreciate that such a solution of the problem would not at all satisfy the clamor of the people individually and selfishly interested in the development of Muscle Shoals. There has existed for some time and still exists an extensive propaganda to induce the Congress to authorize the acceptance of the offer of Mr. Ford. I am informed that within a radius of several miles of Muscle Shoals speculators have prepared maps showing thousands upon thousands of village lots which they have been selling and are still selling throughout the United States at extravagant prices. Nothing would satisfy this individual and selfish demand except tremendous development of Muscle Shoals, including the construction of Dam No. 3 and of Dam No. 1, involving navigation on the Tennessee River.

It is useless to talk about getting satisfactory security for the performance of a contract covering a period of a century. The only adequate security would be a cash deposit, which probably would not be feasible nor desirable. I appreciate that millions and millions of dollars during the war were squandered at Muscle Shoals. However, I am satisfied that at Muscle Shoals exists one of the greatest water-power projects in the world, and that this project, viewed solely from the standpoint of water power, is not a white elephant on the hands of the Government but a great material asset, having a potential value of hundreds of millions of dollars. Several years hence when the Government has completed the project and has an existing property to dispose of the Congress can authorize the Secretary of War to accept the offer that may be of the greatest advantage to the Government, with equal opportunity to all bidders and favors to none.

I predict that there will be no lack of demand for all available water power at Muscle Shoals at reasonable prices. A constantly increasing demand for power will arise within at least a radius of 250 miles. The history of Niagara water power confirms this view. The Niagara Falls Power Co. was the pioneer in developing water power at Niagara Falls, beginning its operations about 1890, when the art was in its infancy. To-day the power at Niagara Falls is insufficient to meet the demands. Much power is obtained from Canada, and large sums have been spent to increase the efficiency of the American plants.

As an illustration of the possibilities at Muscle Shoals, I would remind you that the Government leased for one year from December 1, 1921, to the Alabama Power Co. the steam plant at nitrate plant No. 2. It was found that a complete overhauling and rehabilitation of this plant was necessary, which required four months' time and an expenditure of approximately $40,000. The power company operated and maintained the plant entirely at its own expense, and under the terms of this lease the company paid into the Treasury of the United States to December 31, 1922, $218,273.42.

We must not give away this birthright of the Republic. I make no professions of statesmanship, but if I read history aright no real statesman ever kept his ear to the ground listening for public clamor. Rather, men of vision blaze the trail and clear the way for progress. The foundation of every bulwark ever created affecting human rights that has stood the test of time has been equity and justice. In the disposition of Muscle Shoals I ask for equity and justice for the American people and that the action of the Congress shall be based upon the sole consideration of the best interests of our country.

Mr. WINGO. I yield five minutes to the gentleman from Texas [Mr. Box].

Mr. BOX. Mr. Chairman and gentlemen of the committee, it is with considerable hesitation that I disagree with a committee for whose judgment and purity of purpose I have as much respect as I have for this committee. However, such consideration as I have been able to give to this measure makes me unwilling to support it. There are two fundamental objections to it which I will not be able to state in five minutes.

First, it centralizes the power of the whole system in the Federal land bank and the board, and correspondingly diminishes the power of the local associations. My own judgment is that it will result in the destruction of the associations, for it provides an easier method of securing loans through agents in a manner which will weaken the system and the securities it issues. It increases the compensation of agents and removes the liability of agents. It relieves the agent of the obligation to indorse the paper. Here is a thing to which I call attention, which I regard as typical of the spirit of the bill. The same disposition to eliminate the influence and power of the farmer threads through the whole bill. On page 5 of the original farm loan act you have this provision, for instance:

> The directors of Federal loan banks shall have been for at least two years residents of the district for which they are appointed or elected, and at least one district director shall be experienced in practical farming and actually engaged at the time of his appointment in farming operations within the district.

That is in the present law and is carefully eliminated from the proposed amendment, not carelessly at all. That is in keeping with many provisions in the bill. The purpose is to destroy or reduce the powers of the farmer in what should remain a farmers' system. My own judgment is that the effect of it will be to diminish the help it will give to the smaller farmers, the farmers who most need it, and to increase the power and the direct financial benefits of those who are stronger. I think the original act was sound in its purpose. My judgment is that this act greatly emasculates it and that it is very fitting that the bill should go somewhat into detail in providing for the dissolution of the farm-loan associations. In my judgment they

will have little office to perform in the future and will pass out of existence.

If provision for them was wisely inserted in the bill as it was written at first, it should remain there at least until it has had a better trial. Certainly it has not demonstrated that it is a failure. The fact that it is there has not destroyed the credit prospects of the concern. It has not destroyed its usefulness, and I greatly fear that the good purpose behind the enactment of the farm land-bank law, which purpose it is serving now, will be in large measure defeated by this amendment to that act. Therefore I shall have to vote against it.

I ask the privilege of extending my remarks in the RECORD.

The CHAIRMAN. The gentleman asks unanimous consent to revise and extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. WINGO. I yield to the gentleman from Virginia [Mr. HOOKER].

Mr. HOOKER. I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent to revise and extend his remarks in the RECORD. Is there objection?

There was no objection.

The extension of remarks referred to is here printed in full as follows:

Mr. HOOKER. Mr. Speaker, quite a number of bills have been introduced in both Houses of Congress relative to credit legislation for the agricultural interests of the country. The Senate has passed two of these measures introduced in that body, one commonly known as the Capper bill and the other as the Lenroot-Anderson bill. Several measures have been introduced in the House and referred to the Committee on Banking and Currency, and the bill now under discussion, H. R. 14270, commonly known as the Strong bill, is the only one of the measures thus far reported. This measure has been so rewritten and amended by the very diligent committee which presents it here to-day that it has been shorn of some of its objectionable features and provisions. It is the object of the Strong bill, as well as of all the bills that have been introduced, to amend the Federal farm loan act. As this measure presents itself here, it undertakes to amend the original act in some very important features. One of these, and one that I think is objectionable and should not be adopted and to which I wish to refer, undertakes to amend section 15 of the original act by adding to it, as follows:

SEC. 15. That whenever it shall appear to the Federal Farm Loan Board that national farm-loan associations have not been formed, or the local national farm-loan association fails, neglects, or refuses to serve properly the needs of its territory in any locality, said board may, after 30 days' notice to said associations, in its discretion, authorize Federal land banks to make loans in such territory on farm lands through agents approved by said board.

Such loans shall be subject to the same conditions and restrictions if the same were made through national farm-loan associations, and each borrower shall contribute 5 per cent of the amount of his loan to the capital of the Federal land bank and shall become the owner of as much capital stock of the land bank as such contribution shall warrant.

The Federal Farm Loan Board shall by proper regulations require each Federal land bank to maintain, out of earnings apportionable to stock acquired on loans made through agents, sufficient reserves to cover and pay delinquent payments on such class of loans.

Shareholders in a Federal land bank under this provision shall be held individually responsible, equally and ratably and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of stock owned by them at the par value thereof, in addition to the amount paid in and represented by their shares.

Such local agents shall serve at the pleasure of the bank and shall give surety bond for the faithful performance of their duties in such sums as the Federal Farm Loan Board shall prescribe and may collect from each borrower at the time the loan is closed such compensation as the Federal Farm Loan Board may approve, not exceeding 1 per cent of the amount of the loan made, with a minimum of $5 per loan: *Provided*, That no such agent or secretary of a national farm loan association shall engage in making land-mortgage loans through or for any other land-mortgage company or association.

This amendment if adopted would, I fear, strongly tend to undermine and eventually absolutely eliminate the local national farm-loan association feature of the law. In my judgment the local cooperative associations compose one of the chief features of strength of the Federal farm loan system. Under the present method the loans to farmers are secured by an application going to and through the local association composed of the neighbors of the applicant, all of whom are familiar with the property upon which the loan is sought and know the applicant as well. There is very small likelihood of the loan passing the local association unless it is absolutely all right, when each member of that association is, partially, at least, responsible for the repayment of the loan.

The local associations at present are the owners of by far the greater part of the stock in the Federal farm-loan banks. They are vitally interested in its success. It is their institution; they have the right, or should have the right, to manage it as to them seems proper—certainly when it comes to a question of loans. Likewise they should have the right to select a majority of the directors in the bank of which they are members.

This proposed amendment provides that the local agent which is provided for in this amendment shall serve at the pleasure of the Farm Loan Board. He will be absolutely a creature and an employee of the Farm Loan Board, and the local people will have no power whatever over him. He could approve or disapprove loans at will. He would, under this amendment, have all the powers vested by the law as it now stands in the local associations. He would take the place of the local association—its appraisers, secretary-treasurer, and, in short, have full power over all the applications and loans in his territory. The cooperative feature of the present farm-loan system would disappear under this proposed arrangement. It is contended by the proponents of this amendment that it will not have this effect; that these agents will only be appointed when the local associations are not functioning. In this they are doubtless sincere, but it is almost inconceivable, from a careful study of the system, that this would be the result. As at present operated through local associations, each member thereof is partially responsible for the loans of all the members of that association. Under the proposed amendment the loans would be made direct, or could be made direct through a local agent, and the borrower would have nothing to do with the loans of his neighbors. It would make a strong inducement for borrowers to go around the local associations and go through local agents instead. This feature is being strongly opposed here by many farmers and farm organizations. They see in it the dangers that are here pointed out, and it does seem that their fears are reasonably well founded. This amendment should, I think, be stricken out.

The present farm-loan system has been in operation since 1916 and has proven to be of great value to the farming interests of the country, and from a financial viewpoint at least it has proven successful. An examination of the recent report of the Federal Farm Loan Board reveals a splendid and gratifying record of achievement. It shows that during the past year there were made through this system 74,055 loans, aggregating a total of $224,301,400, representing, the board states, a complete response to the borrowing demands. The report shows that during the year 1922 there was sold to the public farm-loan bonds totaling the sum of $278,650,000. The board during the year voluntarily purchased and retired bonds held by the Treasury in the sum of $70,150,000. The bank was enabled during the year to reduce its loaning rate from 6 per cent to 5½ per cent, and the bond rate was decreased to 4½ per cent. The banks during the year retired Government stock in the total of $2,333,890. The report further shows that during the year 1922 there was sold, because of defaults in payment, 4,174 farms, the total loans on which were $15,000,000; and these farms sold in the aggregate for $39,701,625, showing that the loans on the lands were only 37 per cent of what the lands brought at a forced sale. These figures dispel all doubt that may have ever existed as to the safety of the appraisals of the property on which loans are made and the stability of the system under its present management, applied through the local farm-loan associations. The report shows that all the bonds offered to the public were immediately sold; that, as above stated, the rate to the borrower has been decreased one-half of 1 per cent; that all loans found to be satisfactory were made; that the bank added to its undivided-profits account all the lands purchased at foreclosures and all installments and interest payments more than 90 days overdue; that they paid liberal dividends to the stockholders, added $1,300,000 to their reserve account, and added $1,117,597.76 to their undivided profits account.

A splendid and gratifying record, indeed, that the Federal farm-loan banks have to their credit. The usefulness and stability of this system can no longer be questioned. The system has made good, probably beyond the fondest hopes of its original founders. In its brief career it has met with much stubborn opposition. The right of Congress to establish this system has been vigorously assailed and fought out in the courts, but in the face of all opposition it is shown by its actual operations to be sound and stable and of great value to the agriculturists of the country. Under the present system of appraisals and loans through local associations its bonds are among the best sellers on the market. The board reports that the bonds offered have been immediately bought by investors. The confidence of the investing public in the stability of the bonds is, of course, absolutely vital to the life of the system. It can not be successfully contended that the faith of the

investors in the soundness of the bonds would be enhanced by eliminating the local associations and making the loans through local agents.

"Let well enough alone" is an old and true saying, and I think is applicable to the local-association feature of the farm-loan system. The record of achievements by this system in the brief time of its existence, I think, is convincing that if amendments are needed to the original act that the abolition of the local farm-loan association is not one of them. I trust that this feature may be retained in the law and that the farmers in the various localities of the country may retain control, as they now have it through their local associations. There are, of course, defects in this system that should be remedied by Congress, and I trust will be, but I do not regard the local-association feature as one of them.

In examining this measure, the Strong bill, which is now before us, I find one change it proposes to the original act that meets with the approval of the agricultural interests of the country, and that is the proposal to raise the maximum limit of the loan that may be made to one borrower from the present limit of $10,000 to a higher figure. There seems to be some reason and a considerable demand from agricultural sources for this proposed change. It is properly safeguarded in this bill. It is provided that loans shall not be made in excess of $10,000 when loans of $10,000 and under have not been granted. In view of the statement of the board in its recent report that they have no difficulty in securing money to meet all loans, I can see no reasonable objection to increasing the maximum limit, especially when it is proposed to prefer the small loans as against those over $10,000. The original intention of Congress in enacting this legislation was to help and to encourage those farmers of small means who might not be able to secure desired credit from their local banks and to enable those who do not own farms to secure money on long time to purchase the same. I do not think that this proposal to raise the maximum from $10,000 to $25,000 is objectionable, and I should be very glad to see it become part of the law.

In examining the statistics of the Farm Loan Board it seems to me that the system may not be reaching, as yet, as many farmers as it should. For instance, I find from the statistics that in the district that I have the honor to represent here a comparatively small number of farmers are taking advantage of its provisions. I find that in my district only 748 loans have been made by the Federal farm-loan bank since its establishment in 1916 up to October 31, 1922, though the district has a population of over 241,000 and is largely engaged in agriculture. This may be due to the strictness of the Federal appraisements and to the regulations of the farm board, and partly to the fact that the system is comparatively new. I do not believe, however, that the elimination of the local association will increase the number of loans or tend to cause the farmers in greater numbers to take advantage of the provisions of the system.

Let me say further, in passing, that I think the local associations, which are the owners of by far the greater part of the stock of the bank, should have the right to elect a majority of the directors. They own a majority of the stock and I can see no good reason for taking from them the power to elect a majority of the directors. I trust that whatever legislation is adopted by Congress relative to the farm-loan system will leave the local associations intact and will give them the power to select a majority of the directors of the bank. This bill has no provision for short-time credits to farmers, while some other measures that have been introduced and are yet pending before committees have provisions along this line.

There is a strong demand upon Congress to enact legislation whereby farmers may get credit from the farm-loan system on shorter time than the present long-term loan provisions of the law permit and on longer terms than are extended by the National and State banks. Our present banking system consists of the Federal reserve system, including 8,200 national banks; State banks, which number some 20,000, of which about 1,630 have joined the Federal reserve system; the Federal farm-loan banks, with their various local national farm-loan associations; and the joint-stock land banks, of which there are 63. The National and State banks now are the only agencies to which farmers can go for short-time credit. The Federal loan system and the joint-stock land banks furnish the source of long-time credit to farmers. The short-time credits are necessarily limited, particularly in banks of the Federal reserve system, for the reason that paper running longer than six months is not eligible for rediscount with the Federal reserve banks. There is a strong demand for intermediate loans to farmers, loans for longer time than can be reasonably secured from the State and National banks, and for a shorter time than can now be secured at the Federal farm-loan banks or the Federal joint-stock land banks. There is a gap between these two systems which should be bridged. Some of the measures that are pending before the committees here have provisions that undertake to remedy this defect. The bill before us does not in any wise touch upon that feature.

However, Mr. Speaker, I fear that at this session of Congress no legislation helpful to the agricultural interests of the country will be adopted. The Senate has passed the Capper bill and also the Lenroot-Anderson bill, and they are now before the House Committee on Banking and Currency. If we should pass this bill, it will go to the Senate committee and probably in the short time left before the ending of this session receive no action therefrom. The committee of this House has not reported on any of the others presented to it other than the Strong bill. It seems to me that if we expected to enact legislation at this session, considering the brief time that exists before the final adjournment, it would have been wise for our committee to have brought before us a bill that had already received the favorable action of the Senate. The farmers of the country need the aid of proper financial legislation, and have need of it now. Should this Congress adjourn without the enactment of proper legislation for their relief, it will be practically another year before anything can be done, unless an extra session should be called, which is not likely to be done.

But while I am talking, Mr. Speaker, permit me to digress for a moment to say that all the ills of agriculture can not be cured by extending credit facilities only. Giving farmers a more liberal system of securing money to enable them to produce, harvest, and market in an orderly manner their crops will help immensely. But some better method should be devised for the more economical distribution of farm products. There is far too heavy a toll taken of the products of the farm and field between the producer of them and the ultimate consumer. The farmer is suffering from the inadequacy of prices he receives for what he grows, and the village, town, and city dweller who buys and consumes these products is complaining—and justly complaining—of the high prices he has to pay for them. Both complaints are justified by the real facts.

There is necessarily something wrong somewhere when apples that grow in the orchards of Virginia within from 100 to 300 miles of Washington are sold at the orchards at from $3 to $5 per barrel and the consumers of this city have to pay at the rate of from $15 to $30 per barrel. There is something wrong, unequal, and unjust somewhere when the cattle growers of Virginia are getting from 5 to 10 cents per pound for their cattle and the consumers in Washington and other near-by cities are paying from 25 to 40 cents per pound for beef. And what is true of apples and beef is true of all the other products of the farm. This is not the problem and grievance of the farmers only; it is the problem and grievance of all classes of people of the country. For, after all, this tremendous enhancement in the price of the products from the farm to the ultimate consumer touches the pocketbook of every householder in the Nation. One of the contributing causes of this great increase in cost is the very heavy transportation charges. There can be no question but the freight and express rates are heavy and excessive, and the reduction of these whereby farm products could be transported at less cost would greatly aid in alleviating the situation. It is easy to at least partially account for the increased cost of the apples between Virginia and Washington when I tell you that a grower of apples in Patrick County, Va., has to pay $2.28 express charges per barrel to get them to Washington. If a grower produces at any sort of profit, the cost of transportation has to be charged up to the consumer. If he does not, he is producing at a loss. This is an instance that serves to illustrate how high transportation rates militate against both producer and consumer.

Permit me to say one other thing that this Congress could do and should do before it adjourns. The offer made by Henry Ford to take over Muscle Shoals should be accepted. The operation of this plant under Ford's offer would cheapen the cost of the farmer's fertilizers, reduce his expenses, and permit him to furnish his products to the consuming public for less money. It is in this case as in all others, where the farmer is helped the consumer is likewise benefited. So far as surface appearances, at least, go in this House, there remains but little open opposition to the acceptance of the Ford proposition. To those of us who are deeply interested in the Ford proposal great encouragement was felt when the distinguished chairman of the Committee on Appropriations [Mr. MADDEN] recently made a strong statement on this floor favorable to its acceptance. Likewise other leaders on the majority side have expressed favorable views toward the project; but as the

days go by and the time for adjournment draws nearer and nearer we are becoming fearful that another session of Congress will adjourn without passing the necessary resolution accepting Ford's proposal. There can be but little question but the sentiment in favor of it is overwhelming in this body, and none doubt if it were permitted to reach a vote on this floor that it would pass; yet, for some reason it is not permitted to be considered here.

No more serious problem confronts the country to-day than the placing of the farming interests on a permanently profitable basis. All classes of people and all lines of industry are vitally interested in the welfare of the agricultural interest of the country. There can be no general prosperity in other lines of activity when the farmers of the country are producing the necessaries of life at a loss. The business of the country can not get back to "normalcy" until the farmers get up with it. It is absolutely impossible to have general, stable prosperity and normalcy in other lines of business when the farmers are producing the necessities of life under losing conditions. If it is the desire of those who control this administration to stabilize business and bring about normal conditions, the effort should begin with the basic industry—agriculture.

Mr. Speaker, let me urge upon the Members of this body the importance of enacting into law before this session ends the much-needed financial legislation being demanded by the agricultural interests of the country and to pass the resolution accepting the Ford offer. These are to-day the most vital and important matters before us, and it will be unfortunate, indeed, for Congress to adjourn without the final passage of these important measures.

Mr. WINGO. I yield the remainder of my time to the gentleman from Texas [Mr. HARDY], in opposition to the bill.

The CHAIRMAN. The gentleman from Texas [Mr. HARDY] is recognized for five minutes.

Mr. HARDY of Texas. Mr. Chairman and gentlemen, I have five minutes in which to speak upon this bill, but the gentleman from Texas [Mr. BOX] has practically said just what I would have said. We have a law on the statute books that has been functioning for some time, and according to my understanding it is admitted that it has functioned well. There has been a vast volume of farm loans placed under the law as it now stands, and the law as it stands now has created more than 4,000 farm-loan associations, through which associations every loan has been placed. There is some complaint that some of these associations are made up of Lutherans, who will not accommodate a Presbyterian. [Laughter.] My county is more liberal than that; we have plenty of Presbyterians, and if they can not get into a Lutheran or a Baptist association they will form one of their own. [Laughter.]

I want to make a prophecy that if this bill goes into effect, in four years from now—yes, in two years from to-day—there will not be a local farm-loan association functioning in the United States. [Applause.]

Mr. DAVIS of Tennessee. Will the gentleman yield?

Mr. HARDY of Texas. Yes.

Mr. DAVIS of Tennessee. I believe the gentleman is correct, but if they eliminate the best of the farm-loan systems, will not they go forward and establish a cooperative system?

Mr. HARDY of Texas. That may be, but I want to abstain from criticizing the purpose of anyone. If the present associations are given a way by which they can dissolve and get stock in a farm-loan bank, they will do that. Another thing, when they appoint an agent who is paid by a fee and whose fee depends upon making the loan, it is easier to make the loan than through an association where everyone is held in a way responsible for the loan.

Mr. SMITH of Idaho. But the agent does not appraise the land.

Mr. HARDY of Texas. The land may be appraised, but you know, if you have had any experience in land loans and things of that kind, that it is very hard for an appraiser that does not know fully how valuable a tract of land is; if the agent is anxious to negotiate the loan and wants to make it, he will give the preference to the larger loan instead of the smaller loan because he would thereby get a bigger fee. Now I want to say that I question the sincerity of no man who advocates this bill, and as far as raising the limit to $25,000 in those sections of the country where land is high to-day, I have no objection. My sole objection is that the working of this bill will be the dissolution of the local farm-loan associations, and my prophecy is that you will see that to be the case.

Mr. KINCHELOE. Will the gentleman yield?

Mr. HARDY of Texas. Yes.

Mr. KINCHELOE. This agent does not function until after the local association has refused the loan.

Mr. HARDY of Texas. You will not have any local association. Every local association can dissolve and liquidate and get stock of the farm-loan bank. You yourself, as one of 10 responsible for the joint performance of all 10 to the extent of 10 per cent of your stock, would be glad to surrender your stock in the local association and receive in exchange for it stock in the loan bank.

Mr. KINCHELOE. The gentleman is arguing what will be the effect of it and not stating the provisions of the bill.

Mr. HARDY of Texas. That is the effect and I am telling you what I think these provisions will do; what I think perhaps most of the proponents of the bill will admit that it will do.

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. BEGG].

Mr. BEGG. Mr. Chairman and gentlemen of the committee, in order not to leave any misunderstanding in the minds of my colleagues I want to say to you that I know something about the operation of the banks, because I have paid for my experience. I am president of a joint-stock land bank. I believe I am better qualified to judge of the effect of these provisions than many who are advocating these measures. I would prefer to have the farm-loan bank continue to prosper and grow than to have happen just exactly what the gentleman from Texas, Judge HARDY, stated would happen in his speech a minute ago, namely, the elimination of the land associations of 10 or more for the purpose of borrowing money. They now are clean competition.

Let us see exactly what is the underlying principle of this farm-loan bank. Availability of money to be borrowed on long-time credit with a security so that the securities can be marketed at a distance in order to get more capital to go back and reloan 1,000 or 2,000 miles away. If you destroy the security of the bonds, if you weaken in any way the security of those bonds you will just as sure, as Judge HARDY said, see the bonds depreciated, and we can not market the farm-loan bonds unless below par.

That is my only selfish interest in this bill. I am frank to admit that I want to defend the market of the joint-stock land bank bonds, as well as I do of the Federal farm-loan bonds, because they are on a par. One does not sell above the other. If you destroy the market for bonds, you have destroyed the source of supply for the borrowing public, and you have ruined the thing that you have created to make available capital for the farmer who needs money on long time and can not get it out of his commercial bank. I think I know a little bit about the banking business, though not much. I know a good deal from the borrower's side, and I am interested in a way in the commercial banking business. I would not want any better bonanza to kill your institution than to be made the agent in my county for the Federal farm-loan bank under this bill that you are undertaking to pass. And why?

You start a farm bank in any community and you can get more applications for business than you can get capital to loan, but when you take your inspector out to find out what those applications represented, you will find that 75 per cent of them are not worth the paper they are written on.

Mr. STRONG of Kansas. Mr. Chairman, will the gentleman yield?

Mr. BEGG. I can not yield at this time. Suppose this becomes a law, they can appoint an agent in every county of the United States. Let us look at the thing in a practical way. Who is going to be the agent? You go into my county and you appoint a gentleman who represents a life insurance company or a banker, and if you appoint anybody else you may as well put in a wooden man. If you want an agent in a community, you want somebody who is going to get business; and who is the man who can do that? He is the man who is in touch with the borrowing public, and only those two kinds of men are available. I represent, we will say, a life insurance company—or, better, let us say that I am a banker and that I am loaning money on commercial paper. A good application comes in for a $10,000 loan at a good rate of interest, 6 per cent or 5½ per cent, and do you think I am going to take that over to the Federal farm-loan bank? Not on your life. However, if John Smith, out here in the country, who has a reputation for never paying any of his debts and whose borrowing reputation is bad, whose land is poor and who is starving to death, comes in and says to me that he wants to borrow $10,000 on his hundred acres of land, then I naturally reply to him that I am sorry, that we are loaned up to the limit in my bank, but that I can get it for him, and I refer him to the Federal farm-loan bank,

and get my 1 per cent commission. My good friend from Idaho [Mr. SMITH] asked a question a few moments ago. He said, "Yes; but the agent does not appraise."

Do you know that no man on a salary ever did a job of loaning money as carefully as when he is loaning his own money? There is not a man living who can come into my county whom I can not stick on the value of land, because there will be a farm in some part of the county worth $175 an acre, while over the fence the land is not worth $75 an acre. That happens also in Michigan, because we make some loans in Michigan, and I know something about the land there, and I suspect that same thing happens in every State of the Union. After all is said and done, this law was not passed to send the Government out to solicit business, but it was enacted to make funds available to the man who wanted it and could not get it as cheaply or on as long a time as he wanted from any private source. I believe the Government has discharged its responsibility when you make available funds so that the borrowing public can get the money as cheaply as they can get it anywhere in the money market, and on as long a term. I believe the Government has discharged its obligations to the great borrowing public when it has done that, and I do not believe the Government obligation goes to the extent of sending out solicitors to solicit a man to borrow money.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. BEGG. Yes.

Mr. STEAGALL. If the gentleman will turn to page 11 of the bill, line 10——

Mr. BEGG. I will ask the gentleman to hurry up with his question.

Mr. STEAGALL. I just want to set the gentleman right.

Mr. BEGG. Oh, I have that page all marked up.

Mr. STEAGALL. I read from line 10, page 11—

Provided, That no agent or secretary-treasurer of a national farm-loan association shall engage in making land-mortgage loans through or for any other land-mortgage company or association.

Mr. BEGG. But a land or mortgage company is not a bank.

Mr. STRONG of Kansas. Mr. Chairman, will the gentleman yield?

Mr. BEGG. I yield briefly.

Mr. STRONG of Kansas. Does not the gentleman know that loans made through agents under this bill are inspected in the same way that loans are that are made by agents of joint-stock land banks?

Mr. BEGG. That is not necessary to answer. My colleague from New York answered that a little while ago. I want to get back to my subject. The only thing that makes the Federal farm-loan bank system as successful as it has been is the confidence of the buying public in the bonds of the farm-loan system, and in the stability of the security. What have they done in this amendment they are seeking to put through? It is an amendment to provide for the soliciting of business from the borrowing public.

MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. LONGWORTH having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed without amendment the bill (H. R. 13128) authorizing an appropriation for the construction of a road within the Fort Apache Indian Reservation, Ariz.

The message also announced that the Senate had agreed to the report of the committee of conference to the bill (H. R. 13481) making appropriation for the Department of Agriculture.

The message also announced that the Senate had passed the bill (S. 3973) to remit the duty on a carillon of bells to be imported for the House of Hope Church, St. Paul, Minn., in which the concurrence of the House of Representatives was requested.

FEDERAL FARM LOAN ACT.

The committee resumed its session.

Mr. MACGREGOR. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. YOUNG].

Mr. YOUNG. Mr. Chairman, I want to add one word to what the gentleman from Ohio [Mr. BEGG] has said, in reply to the gentleman from Kansas [Mr. STRONG], who said that the joint-stock land banks act through private agents, and that because, as he claimed, the joint-stock land banks act through private agents the Federal land banks can safely do it. There is an essential, a fundamental difference. The joint-stock land banks are owned by private individuals. The men who manage them are themselves the owners of all the stock. These privately owned concerns, when they send out agents to do business for them, act the same as a big privately owned loan company does, like an insurance company does. It is idle to say that the Federal land banks, which are managed by men who have not a dollar invested in the banks, can do business through agents, appointed sometimes for political reasons, with the same safety as the joint-stock land banks who function through privately appointed agents.

The gentleman from Kansas [Mr. STRONG] says this system was patterned after the German system. There was a good deal of talk at the time this law was first passed that it was fashioned after the French and German systems, but the most important thing that made the systems of those two countries successful was never adopted here at all, and that was for these banks to permit deposits from farmers. The time came in Germany and France when they got more money on deposit for loaning to farmers than they got out of the bonds they sold. That made these concerns real farm banks, where the farmers themselves could have something to say about making rates. It was their bank. They were in large part loaning their own money. Whereas the original bill introduced here years ago provided for deposits, it was cut out later by the committee and not reported to the House. Just so long as the farmers have a system such as we have here at this time that does not permit deposits, all they can do is to sell their credit. The rates of interest are going to be made by somebody else The rates are going to be made by men who have money to loan.

The farmer is going to be in the position he is in when he tries to sell anything, and that is the other fellow fixes the price. According to the present law the farmers are not permitted to make deposits and they are not permitted to own stock excepting while they are borrowers.

Mr. Chairman, to my mind the best safeguard of the present system is going to be stricken down if we pass this bill, which provides for the creation of private agents who can take the business away from the loan associations because they can relieve the borrowers from much of their liability.

Mr. STEVENSON. Will the gentleman yield?

Mr. YOUNG. I have not the time. I can not very well. And if you take over the business of these local associations, you take away the best safeguard we now have against losses. Why do men invest their money in these bonds at this time? Because they know that every man who makes application for a loan is being watched by his neighbors. He knows the neighbors have to guarantee that loss to a certain extent. That is the safeguard, that is the thing that has made these bonds sell. There is no question about it. The men of money in the United States, who have money to invest, are not going to invest in a proposition unless it is sound. The reason they have bought these bonds is that they know that they have something better than the agent who goes out, who may be fooled or who may be dishonest; better than the safeguard of that agent who inspects the farm land is the safeguard furnished from the fact that his neighbors must go on his paper and guarantee the loss. The privately appointed agent is bound to get the business. That is very clear, because he can tell the borrower that he is only going to be liable on his 5 per cent of stock in case the Federal land banks in the United States fail. I will ask some gentlemen who defend this bill to get away from that fact if they can.

Mr. STRONG of Kansas. What is that? I am ready.

Mr. YOUNG. The privately owned agent can tell the borrower that he has 5 per cent of liability, not only as against the default of his neighbors but also in case of the failure of the land banks. Whereas if they do business through the agent, what might be called his liability for the default of his neighbors? He will get the business.

Mr. Chairman, under the present law the borrower becomes liable if any default occurs in his own neighborhood. That is what inspires confidence and sells the bonds. That is why men like HOMER SNYDER, a hard-headed business man, buy the bonds. They buy them because they know men living in the locality have an interest in scrutinizing every loan, because if there is a default in the interest of a neighbor he becomes liable on his stock.

Mr. SNYDER. Since the gentleman has mentioned my name, regardless of how many of these bonds I have bought, I want to say that he is making a splendid statement and I agree with every word of it.

Mr. YOUNG. There is obsolutely no question but that the agent can get all the business, because he can show every farmer he has a very remote liability on the 5 per cent of stock so far as the chance of the Federal land bank becoming insolvent is concerned. It is only in case the Federal farm-loan bank failed that loss will be incurred. No loan association can do business against that kind of argument. It will offer a competition that will be deadly. It will destroy the association. The local association will undoubtedly be wiped out,

and when that is wiped out the bonds will fail to sell in the United States, and when the bonds fail to sell the farmers can not borrow. So you are striking a deadly blow not only against the loan associations but against the farmers themselves. And you people of the East who have bought these bonds, you should hesitate to take action which may depreciate the value of the land-bank bonds now in the hands of your constituents.

The key to the success of the present system is the local association.

It is a question of whether the man who borrows will be liable to that association and liable to a certain extent for the debts of his neighbor farmers, or whether he is going to be relieved of that liability and have only that remote liability by reason of the possibility that the big Federal farm-loan bank will fail, and which the ordinary farmer believes, at least, will never break.

Now, I want to suggest again: A farmer can not put a price on anything he sells. He can not put a price on anything he buys. The price is put on the things the farmer buys by those who make those things. On the contrary, on what they sell to the other fellow they can not fix a price. When it comes to the question of the farmer's personal credit, there also the rate of interest is fixed by somebody else. And so long as we can not get a better arrangement than this, to my mind it is very essential for the farmers that the security they have to offer, that the credit they have to sell is put in a form that will be the very best, that will offer the very best security, and therefore command the very lowest possible rate of interest.

Now I will yield to the gentleman from Kansas [Mr. STRONG] if he wishes to ask me a question.

Mr. STRONG of Kansas. No; I do not care to, except to say to the gentleman that the members of the Farm Loan Board who came before our committee, in the presence of the 12 farm-loan banks all insisted that this does not do away with the farm-loan association.

Mr. YOUNG. The gentleman may have been fooled, just as he claims the rest of us have been fooled by the letters we have received from our districts.

Mr. STRONG of Kansas. By propaganda.

Mr. YOUNG. I think it is just as inexcusable to be fooled by members of the Federal Farm Loan Board or those in the management of the Federal land banks as it is for some of us to be fooled by farmers who write to us. The gentleman from Kansas [Mr. STRONG] has not convinced me that the members of his committee possess a greater degree of intelligence than the rest of us.

Mr. STRONG of Kansas. Will the gentleman yield there?

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. McFADDEN. Mr. Chairman, I yield to the gentleman from Nebraska [Mr. McLAUGHLIN].

The CHAIRMAN. The gentleman from Nebraska is recognized.

Mr. McLAUGHLIN of Nebraska. Mr. Chairman, introductory to my remarks on the pending bill I wish to read a resolution recently adopted by the Nebraska Legislature on the 15th day of January, 1923. The resolution is as follows:

THE LOAN LIMIT OF THE FEDERAL LAND BANK SHOULD BE INCREASED TO $25,000.

Resolution.

Whereas the agricultural and live-stock industries, being the chief productive industries of Nebraska, are seriously threatened and endangered by reason of the general depression in values; and

Whereas there exists an urgent need among owners of land devoted to agriculture and ranching activities throughout Nebraska for loans in excess of the present limit of $10,000 to any one person, which amount is entirely inadequate for purposes of restocking the ranges, and now in force by the Federal land bank system in the district in which Nebraska is situated.

Resolved, That the House of Representatives of the State of Nebraska calls upon the Representatives in Congress for the State of Nebraska and urge the Representatives in Congress and other neighboring States similarly situated as in Nebraska in regard to this problem to direct their best efforts toward securing authority, through national legislation, empowering the Federal land banks to raise this limit to the sum of $25,000 to any one landowner or borrower; and be it

Ordered, That attested copies of this resolution be sent by the clerk of the house to the Senators and Representatives from this State in Congress and to the Federal land banks at Omaha and Lincoln.

LINCOLN, NEBR., *February 13, 1923.*

I hereby certify that the foregoing resolution passed the Legislature of Nebraska at the forty-second session held in the city of Lincoln on the 15th day of January, 1923.

_____,
Chief Clerk of the House.

It has been my conviction for the past four years, as many Members of the House know, that the Federal farm loan act should be amended so as to permit maximum loans of $25,000. The sentiment in this direction has grown within that time until the demand for the increase on the part of the Federal farm land banks and the farmers is unanimous.

The success of the Federal farm-loan banks has been so pronounced that any doubt concerning the workability and practicability of the system no longer remains. The contention of those who have argued in the past that the banks should be made to serve only the small borrowers is, in my judgment, without foundation at this time. The resources and possibilities of the Federal farm-loan system are such now that with the restrictions removed the entire agricultural borrowing needs can be served. Nothing human is perfect, and it is no discredit to those who drafted and passed the Federal farm loan act that restrictions were placed in the measure which proved a handicap rather than a help, and I hope, since the imperfections have been discovered, that this Congress will have the wisdom to remedy them.

In the State of Iowa the farm units which pay the largest returns average 240 acres to the farm, and the average value of land, including buildings, in the State of Iowa is $227.09 an acre, making the value of a 240-acre farm $54,000. Many hundreds of farms in the State of Iowa have a greater value than $54,000. The average-sized farm in the State of Iowa is 156.8 acres. Inasmuch as the Farm Loan Board has restricted loans on any farms to a maximum of $100 an acre, it follows that a loan of at least $15,000 is necessary to take care of the average Iowa borrower, while thousands of farmers having the larger and more profitable unit of 240 acres can not be accommodated unless they can borrow at least $25,000. The average value of the farms in Iowa is $38,941, so that the present $10,000 limit is wholly inadequate to serve the needs of the Iowa farmers. The average value of a South Dakota farm is $37,837; Nebraska, $33,771; and Nevada, $31,546. This large value of the average Nevada farm is due to the fact that the average farm acreage or unit in Nevada is 745 acres, but the man on the larger number of acres stands in just as great need of a long-time loan at a low rate of interest as the man on the small farm.

Under the present farm-loan system 141,000 farms in Illinois, 24,000 farms in Iowa, 59,000 farms in Minnesota, 23,000 farms in Texas, and 25,000 farms in Missouri can not receive any benefits of the Federal farm loan act. Figures with reference to a score of other States would be in the same proportion. The experience of the Federal farm loan banks since the law has been in operation shows that it is necessary to make loans in the more highly developed agricultural sections of the country in order to properly take care of the smaller farm units in the less productive sections of the country. Loans only to those sections of the country where land values are low and production limited result in a loss rather than a profit.

Bond offerings necessary to take care of the small loans must be floated in the more highly developed agricultural sections and the profits made on loans in the more highly developed sections are sufficient to make up the losses sustained on the lesser loans, so that it is positively necessary to the future growth and success of the Federal farm loan banks that the maximum loan be raised to at least $25,000 in order to serve the needs of even the smaller farm units in an economic manner.

The experience of the Federal Land Bank of Omaha, in the eighth district, is no doubt similar to that of the other district banks. The benefits of the Federal Land Bank at Omaha can best be illustrated by comparing it with the joint-stock land banks operating in the same territory and which receive their funds from the same source—from the sale of tax-free bonds. The following table is based upon the amount of loans now on the books of the Federal land bank. The rate of interest on joint-stock land bank loans is figured at 6 per cent, as that is the rate of all loans in joint-stock land banks up to about three months ago:

Average rate of interest, Federal land bank loans ($6,000,000 at 5 per cent, $20,000,000 at 6 per cent, and $49,000,000 at 5½ per cent)—per cent	5.59
13 per cent dividend reduces net interest to borrowers—per cent	.31
Net rate for year 1922, Federal land bank loan—per cent	5.28
Joint-stock land bank rate—per cent	6.00
Making a difference in rate in favor of Federal land bank borrowers of—per cent	.72
72 per cent of $75,000,000 (amount of Federal land bank loans)—annually	$540,000
After paying 13 per cent dividends in 1922 there remained net profits on hand for the year of	208,000
Total saved Federal land bank borrowers, year 1922	748,000
Total saved Federal land bank borrowers in five years	3,744,000

It will be observed from this statement that borrowers in the Federal land bank at Omaha save seventy-two one-hundredths of 1 per cent per annum, which amounts to an annual

saving of $540,000 on the $75,000,000 in loans. When there is added to this the additional profits of the bank for the year 1922 amounting to $208,800 after paying a 13 per cent dividend, we find an actual annual saving to the borrowers of $748,800 per annum. In five years this will amount to $3,744,000. What excuse can be offered for the Government giving joint-stock land banks the privilege of tax-free bonds and then protect them from competition by the Federal land banks on loans above $10,000, thus making it necessary for borrowers who need more than $10,000 to pay seventy-two one-hundredths of 1 per cent per annum more for a loan than they would pay through the Federal land bank? I desire to place in the RECORD here the concrete case of William G. Hall, which is only one among many that could be cited in various parts of the country.

William G. Hall is a farmer living 6 miles south of Massena, Cass County, Iowa. He is 53 years of age and a widower, his wife having died nine years ago. His family consists of eight children, four boys and four girls, as follows: Irene, age 30; Bernard, 24; Stella, 22; Gladys, 20; Lloyd, 17; Frank, 15; Clifford, 13; and Evelyn, 11. Evelyn was only 2 years of age when her mother died, but Mr. Hall, with the help of his older daughters, kept his family together and has made an effort to keep them all at home. Irene is married and lives in Minnesota; the rest of the family are at home.

Mr. Hall started farming for himself shortly after his marriage, when he was 21 years of age. He tells me that he had not a thing but a span of horses and some farm machinery. He rented land for awhile and afterwards had a chance to buy 80 acres on time at $31.50 an acre. Later he traded that 80 acres for 160 acres close by.

Mr. Hall is a hard-working, thrifty man and a first-class farmer, and with the help of his family and by close application and economy he managed to finish paying for his 160 acres about five years ago. His older children had then grown up and he could not keep them all employed on the 160-acre farm. He rented some adjoining land for awhile, but about that time found it impossible to rent anything close by, so he was up against the proposition of letting his boys leave the farm and hire out, and his daughters also, or buy more land. Like all good farmers should, he wished to keep his boys on the farm. He knew that if he did not have work for them they would soon drift to the cities where wages are higher. He knew that the boys would not stay on the farm unless there was some good prospect of their becoming farm owners themselves.

Land had become high, and he knew that the only way they could become farm owners was for them to buy more land while they were all working together as one family, go in debt for it, and work together until it was paid for. So he found an opportunity to trade his 160-acre farm at $225 an acre for a 400-acre farm, on which he now lives, at $200 an acre. His present farm is a good one, has always been well kept, and suits him very well. He farms it all with his own help; he does not hire a dollar's worth of labor. He and his family get up at 5 in the morning, milk the cows, do the chores, get out in the fields early, give good attention to his live stock; and, while they work hard, they are happy and contented with the thought that in the course of time, with good fortune, they can get out of debt, and when the boys and girls get married and start out in life they may become farm owners and people of standing and influence in the community in which they live. There is not a family in Cass County, Iowa, that takes better care of their farm and live stock, or are better neighbors, or stand higher in the community in which they live, than this Hall family.

In making the trade for this 400-acre farm Mr. Hall assumed mortgages amounting to $42,000, bearing 5 per cent per annum, maturing March 1, 1922. Those loans became due March 1, and Mr. Hall has been looking about during the past six months to find as good terms as possible for renewing the loans. A life insurance company offered to renew one $32,000 loan at 6 per cent, with a commission of $1,120. His banker told him, however, that he thought money rates would be better, and that later on he might be able to get a loan of $40,000, which was the amount he now needed, all in one loan at a better rate than 6 per cent; at least, that the commissions would be smaller. Temporary arrangements were made March 1 through his local bank at Massena, Iowa, to allow the present mortgages to stand for a few months.

In endeavoring to secure the best rate of interest and the best terms of renewal on his farm loan, Mr. Hall recently called upon Wray Wilson, secretary-treasurer of the Massena National Farm Loan Association, to see if he could secure a loan through the Federal Land Bank of Omaha, and the following conversation took place between him and Mr. Wilson:

Mr. HALL. Mr. Wilson, loans amounting to $40,000 are due on my farm, and I wish to get a new loan. What rate of interest is charged by the Federal Land Bank of Omaha, which you represent?

Mr. WILSON. The Federal land-bank rate is now 5½ per cent. The Federal land bank is owned by borrowers and is operated on the cooperative plan. All profits belong to borrowers, and the net profits are amply sufficient at the present time to reduce the interest rate to a net rate of 5 per cent to borrowers.

Mr. HALL. How do you figure that out?

Mr. WILSON. The Federal land-bank bonds are now selling at 4½ per cent. The experience of the Federal Land Bank of Omaha for the last five years shows it can operate on a margin of ½ per cent; that is, ½ per cent of the amount of loans in force will pay the operating expenses of the bank and a dividend to the borrowing stockholders equal to the interest charged by the bank. Another ¼ per cent is amply sufficient to cover annual reserves that should be laid aside as a surplus or safety fund. The cost of operation, ½ per cent, added to ¼ per cent for reserves plus the bond rate of 4½ per cent makes a 5 per cent loan rate to borrowers.

Mr. HALL. I understand that a borrower must purchase stock in the Federal land bank amounting to 5 per cent of his loan. Are the affairs of the Federal Land Bank of Omaha in good condition?

Mr. WILSON. Yes; a recent statement of the Federal Land Bank of Omaha shows that with $64,000,000 in loans in force May 1 there was only $1,630 interest past due more than 90 days. It has never had a foreclosure. All of the activities of the bank are under control and supervision of the Federal Farm Loan Board, a bureau of the United States Treasury.

Mr. HALL. I understand you to say that the net interest costs to a borrower of the Federal land bank is now 5 per cent per annum.

Mr. WILSON. Yes; Federal land-bank bonds sell at 4½ per cent, and ½ per cent is amply sufficient to pay expenses, accumulate reserves, and return to borrowers the interest charged on their stock.

Mr. HALL. Well, that is by far the best loan that I can get. I have tried everywhere during the last six months. You may take my application for a loan of $40,000.

Mr. WILSON. I am sorry, Mr. Hall, but the Federal Land Bank of Omaha is not allowed to loan more than $10,000 to one borrower.

Mr. HALL. Is that so? I am greatly disappointed. Your description of this loan looks so good that I hoped I would not have to look further.

Mr. WILSON. Yes; the terms of our loan are good also. It is on the amortization plan. By paying 3½ per cent of the principal semiannually for 34½ years, your loan will be paid in full, principal and interest. You would have the right also to make additional payments on the principal any time after five years. By paying a small bonus, the privilege is usually given of making payments before five years.

Mr. HALL. Well, this is surely disappointing. I thought I could get a loan under the Federal farm loan act.

Mr. WILSON. Well, you can get a loan under the Federal farm loan act through a joint-stock land bank.

Mr. HALL. What is a joint-stock land bank?

Mr. WILSON. Joint-stock land banks are corporations organized with private capital for profit, by authority of the Federal farm loan act, to make loans. Although the cooperative Federal land banks are not allowed to loan to one borrower more than $10,000, joint-stock land banks may loan any amount up to $50,000 to one borrower.

Mr. HALL. Are there any joint-stock land banks making loans in this territory?

Mr. WILSON. Yes; there are several of those banks that make loans in Iowa.

Mr. HALL. What rate of interest do they charge?

Mr. WILSON. Their interest rates to borrowers are the same in all joint-stock land banks, 6 per cent per annum.

Mr. HALL. Does the borrower share in the profits of the joint-stock land banks?

Mr. WILSON. No; all the profits of joint-stock land banks belong to the stockholders of those banks.

Mr. HALL. I would have to pay 6 per cent interest per annum then to a joint-stock land bank without any reduction in any way?

Mr. WILSON. Yes; 6 per cent per annum semiannually during the term of the loan.

Mr. HALL. I would save $400 per year then if I could make my loan with the cooperative Federal land bank?

Mr. WILSON. Yes; and in addition the accumulated profits in the Federal land bank would also be loaned out and help to reduce the net interest cost still more. In the course of time the income on the accumulated profits of the Federal Land Bank of Omaha will be sufficient to pay all the expenses of the bank, and loans can then be made to borrowers at the same rate that is paid by the Federal land bank on its bonds.

Mr. HALL. From what source do the Federal land banks and the joint-stock land banks obtain funds to make farm loans?

Mr. WILSON. They both obtain funds from the same source; namely, from the sale of their bonds to investors.

Mr. HALL. Are the bonds of the Federal land banks and joint-stock land banks exempt from taxation?

Mr. WILSON. Yes; the bonds of both kinds of banks are alike exempt from taxes of all kinds—Federal, State, municipal, and local. Bonds of both Federal land banks and the joint-stock land banks have equal privileges under the law. Both are declared by act of Congress to be instrumentalities of the Government. The bonds of both bear the certificate of authority of the Federal Farm Loan Board.

Mr. HALL. Now, according to what you say, I lose $400 a year, or $4,000 in 10 years, by not being allowed to get my loan from the Federal Land Bank of Omaha. Who gets this $400 a year or $4,000 in 10 years? What benefit does the Government obtain from me having to pay this $400 a year?

Mr. WILSON. This $400 a year, or $4,000 in 10 years, extra cost to you goes to the stockholders of the joint-stock land bank of whom you obtain your loan. The money is obtained from the sale of tax-free bonds in both cases, so there is no advantage to the Government in either case.

Mr. HALL. Why, then, should I pay this tribute of $400 a year, or $4,000 in 10 years, to the joint-stock land bank?

Mr. WILSON. I have asked that same question hundreds of times and have never gotten a satisfactory answer.

Mr. HALL. If Congress would amend the Federal farm loan act to allow Federal land banks to make loans up to $50,000, the same as the joint-stock land banks, I would not then have to pay this tribute of $400, or $4,000 in 10 years, to the joint-stock land bank, would I?

Mr. WILSON. Of course not. Farmers would all get their loans where they could get them the cheapest. There then would be open

competition between both classes of banks. Now the farmers' cooperative Federal land banks are not allowed by law to compete with the joint-stock land banks, which are organized by private capital for profit, in loans above $10,000.

Mr. HALL. You say that both Federal land banks and joint-stock land banks obtain funds for loans from sale of tax-free bonds. The Federal land bank makes loans for 5 per cent per annum, while the joint-stock land banks charge 6 per cent per annum. The joint-stock land banks must make large profits.

Mr. WILSON. Yes; I understand they do make large profits. The First Joint-Stock Land Bank recently advertised the sale of $700,000 additional stock, which they sold at $135 per share, with a par value of $100. In their prospectus advertising sale of this stock they stated that the bank has always paid dividends at the rate of 8 per cent per annum. Stock issued at par, $100, three years ago is now worth $135, a profit of $35 per share in three years, or about 12 per cent per year, which, added to the anual dividends of 8 per cent, makes an annual profit on this stock of 20 per cent. I understand that the president. Guy Huston, and Vice President Schee are each paid salaries of $25,000, making $50,000 annual salaries for both of those officers. Other salaries are in like proportion. The entire operating expenses of the Federal Land Bank of Omaha for the year 1921 were only $112,295. This includes all salaries and expenses, including appraisal costs, and expenses of attorneys in examining titles. The annual salaries of two officers of the joint-stock land bank was almost half as much as the total annual expenses of the Federal Land Bank of Omaha.

Mr. HALL. Does the law restrict in any way the profits of the joint-stock land banks?

Mr. WILSON. The only restriction is that the joint-stock land banks shall not charge borrowers more than 1 per cent above the interest rate on their last bond issue.

Mr. HALL. You told me awhile ago that the Federal land bank bonds sell at 4½ per cent. How, then, do joint-stock land banks charge 6 per cent on farm loans?

Mr. WILSON. The First Joint Stock Land Bank of Chicago recently sold a large issue of 5 per cent bonds at 103¼, which would be the same as a bond bearing 4.6 per cent for the 10-year period until the bonds are callable. This, of course, would be a spread of 1.4 per cent per annum between the bond rate and the farm-loan rate. Loans are now being made by that bank at 6 per cent per annum on the 33-year amortization plan. Any time after 10 years the 5 per cent bonds can be called in and new bonds issued in their place, probably at a much lower rate.

Mr. HALL. Is not such a transaction an evasion of the law prohibiting more than 1 per cent per annum between the bond rate and the mortgage rate?

Mr. WILSON. Mr. Huston, president of the First Joint-Stock Land Bank of Chicago, has the reputation of being a prominent financier. Perhaps he would call the transaction referred to a bit of successful financiering.

Mr. HALL. Now, I find that I lose $400 per year, or $4,000 in 10 years, by being forced to make my loan through the joint-stock land bank and not being allowed to make my loan through the Federal Land Bank of Omaha. How can the law be changed to save me this $4,000?

Mr. WILSON. By an act of Congress amending the Federal farm loan act.

Mr. HALL. Congress made this law as it is, did it not?

Mr. WILSON. Yes.

Mr. HALL. Do you think Senators and Members of Congress would be willing to change the law if they learned of the great injustice being done to the farmers like myself?

Mr. WILSON. Repeated attempts have been made by hearings before the Banking and Currency Committees of the House and Senate to have the law amended, with no results.

Mr. HALL. For what purpose was the Federal farm loan act made a law?

Mr. WILSON. The act states that it was intended to furnish better credit facilities to farmers.

Mr. HALL. It seems to me it should be entitled "An act for the benefit of stockholders of joint-stock land banks."

Mr. WILSON. It does seem to work that way.

Mr. HALL. Are there not many men situated like I am, who would be saved large sums of money if they were allowed to make loans through the Federal land banks instead of being obliged to make loans through the joint-stock land banks?

Mr. WILSON. There are thousands of men like you who are prevented from obtaining loans in the Federal Land Bank of Omaha by reason of this $10,000 maximum loan limit.

Mr. HALL. Would not Congressmen and Senators listen to an appeal of those men to remedy this unjust provision of the law?

Mr. WILSON. Congressmen and Senators would listen if those borrowers were organized and had some one to earnestly present their case in Congress.

Mr. HALL. Do the joint-stock land banks have anyone to look after their interests?

Mr. WILSON. Yes; the 35 joint-stock land banks in the United States have a national association and maintain a highly paid and expensive lobby at Washington to look after their interests. Mr. Guy Huston, president of the First Joint Stock Land Bank of Chicago, is president of this national association.

Mr. HALL. You mean that they use the excessive profits that men like me are compelled to pay to influence legislation at Washington against my interest?

Mr. WILSON. Yes.

Mr. HALL. What would you advise me to do?

Mr. WILSON. If I were you, I would write to every Congressman and Senator from Iowa, telling him your case plainly, and ask him if he will do anything to help you; if not, why? I would write to the farm papers asking them to invite their readers who are situated as yourself to write Congressmen and Senators also. I would take the matter up with the Farm Bureau Federation, farmers' union, and other farmers' organizations. I think if public opinion, especially among the farmers, was thoroughly aroused, Congressmen and Senators would give some attention to amending this law and allow farmers like yourself to obtain their loans through their own cooperative land banks and thus save themselves millions of dollars annually that are now going into the pockets of stockholders and officers of joint-stock land banks.

Mr. HALL. In what manner would an increase of the maximum loan limit of the Federal land banks affect small borrowers?

Mr. WILSON. The Federal land banks handle applications and make loans to large and small borrowers alike. They now operate on a very small margin of expense. There is just as much expense in making a $500 loan as making a $50,000 loan; by increasing the size of the average loan the margin of expense would be reduced, thereby greatly benefiting the small borrower.

Mr. HALL. I lose $400 per year by not being allowed to enter the cooperative Federal land bank. Now, my oldest son, Bernard, is of age, and I have agreed to pay him wages while he works with me on the farm. The prevailing rate of farm wages here is $35 per month and board for nine months. He does work out part of the time and turns his wages back to me to help meet our payments. Now, my son Bernard would have to work a whole year at that rate to pay for this extra $400. When the war broke out Bernard was one of the first to enlist. The other boys were small then, and I did not like to spare them, but I did not think it right to prevent his going when the Government needed his services. Now, as I understand it, the Government is, by act of Congress, obliging one of my boys to work a whole year for the benefit of the stockholders of a joint-stock land bank.

Mr. WILSON. Yes; that is true.

Mr. HALL. How can this be remedied?

Mr. WILSON. Congress can remedy it by amending the act.

Mr. HALL. Do you mean to say that our Iowa Congressmen, whom we farmers have elected to represent us, are allowing this thing to continue? How can they allow one of my boys to work every year for 10 years to pay this $400 per year to the stockholders of a joint-stock land bank when I could have saved that amount by getting my loan through the farmers' cooperative Federal land bank? What can we do about it?

Mr. WILSON. Secretary-treasurers of all the national farm-loan associations in the Omaha land-bank district recently held a meeting at Omaha. They discussed the things that you and I have talked about. They decided that there was only one way to secure relief, and that was to form an organization of secretary-treasurers and with their united strength and with the help of the farmers that are members of their national farm-loan associations bring the matter forcefully to the attention of Congress. We formed an association of secretary-treasurers and each agreed to pay out of his own pocket, as they are not allowed to use association money, one-fifth of 1 per cent of the capital stock of the association of which they are secretary-treasurers. This fund will be used to enlighten farmers regarding the true situation. A number of farm papers have agreed to help us. There are thousands of men in this district who are situated just as you are. Their cases will be reported, and every farmer in Iowa, Nebraska, South Dakota, and Wyoming will know the true situation. We think by this way some results will be obtained. We have given up all hope of getting results in any other way. It was decided upon at this meeting of secretary-treasurers that efforts should be centered upon a program for the accomplishment of three things:

First. An increase in the loan limit, giving farmers the right to choose whether they obtain their loan through a cooperative Federal land bank or through a joint-stock land bank. They should not be kept out of the Federal land bank and forced to obtain a loan through a join-stock land bank.

Second. The experience of the Federal Land Bank of Omaha shows that the interest rate to borrowers can be safely reduced to 5 per cent per annum. By reducing the rate to 5 per cent per annum, other loan institutions will be obliged to make the same rate, hence it is much better to reduce the rate directly to 5 per cent than to make a 5½ per cent rate and return the extra earnings in dividends, making a net 5 per cent rate. We will ask that the farm loan rate be reduced to 5 per cent.

Third. The term of one member of the Farm Loan Board expires in September, and an effort will be made to prevent the appointment of any man on the board who is not friendly to the farmers' cooperative Federal land banks.

Mr. HALL. You say that the term of one of the present members will expire September 1, and that his successor will be appointed very shortly.

Mr. WILSON. Yes.

Mr. HALL. Is it important that members of the Farm Loan Board be friendly to the Federal land banks?

Mr. WILSON. Yes; the Federal Farm Loan Board at present appoints the officers and directors of the Federal land banks. They establish the rate of interest to charge borrowers. They have complete control of all the activities of the Federal land banks. It is very important that members of the Federal Farm Loan Board be in earnest and be sincere friends of the cooperative Federal land banks.

Mr. HALL. Who are the candidates for appointment on the Federal Farm Loan Board to fill this vacancy?

Mr. WILSON. Captain Smith, the present member, is from Iowa and a candidate for reappointment.

Mr. HALL. Has Captain Smith been friendly to the Federal land bank system?

Mr. WILSON. I understand that he has been, and is a very good friend of the farmers' cooperative Federal land banks.

Mr. HALL. Are there any other candidates for this appointment?

Mr. WILSON. Yes; the Iowa delegation in Congress has recommended Willis Stern, of Logan, Iowa, for this position.

Mr. HALL. Who is Willis Stern?

Mr. WILSON. He is abstractor at Logan, Iowa, and has been for the past 10 years or more a member of the Republican State central committee for the ninth congressional district.

Mr. HALL. Is Mr. Stern friendly to the Federal land banks?

Mr. WILSON. He has been closely associated with his brother, Almor Stern, for over 30 years. Almor Stern has the most extensive farm loan business in Harrison County, which business he has been engaged in for over 30 years. Almor Stern is a member of the American Farm Mortgage Bankers' Association, which has fought the Federal land bank system ever since it has been established. When the Logan National Farm Loan Association was organized about five years ago, Almor Stern made every possible effort to discredit its organization. He even placed an advertisement in the Logan Observer, which stated in effect that the 5 per cent stock taken by a borrower making a loan in the Federal land bank was so much commission paid on the loan. He has been the most bitter enemy to the Federal land bank system in Harrison County. While we can not prove any personal act of hostility by Willis Stern against the Federal land bank, he has never turned his hand to help introduce or establish the system.

Mr. HALL. Are there not men in Iowa whose record is conclusive evidence that they will be friendly to the Federal land bank system if they are appointed to the position?

Mr. WILSON. Yes; there are hundreds of able, energetic men, who are faithful and true friends of the interests of the farmers of Iowa, who would make excellent members of the Farm Loan Board.

Mr. HALL. Why is not a man of that kind recommended by the Iowa delegation and appointed by the President?

Mr. WILSON. The recommendation and appointment seems to be based more as a reward for political services than from the standpoint of the good of the farmers of Iowa.

Mr. HALL. Don't you think that the farmers of Iowa should be informed of the way their interests are being endangered by members being appointed on the Federal Farm Loan Board that are not friendly to their interests?

Mr. WILSON. That is one of the things that this organization of secretary-treasurers of national farm-loan associations has in mind.

The Federal Land Bank of Omaha has paid dividends from the start of at least 6 per cent per annum, a part of the time 8 per cent, and during the past year 10 per cent, with an entra 3 per cent cumulative dividend, making a total of 13 per cent for the year 1922. In addition to this the bank has $500,000 in reserves, as required by law, and $208,800 in undivided profits, all of the reserves and undivided profits belonging to the borrowers and being loaned out for their benefit. The percentage of cost of operation is annually becoming lower. The latest bonds, which bore 4½ per cent, furnish the cheapest money ever available for farm purposes in the Middle West. The cost of operation is about one-fourth of 1 per cent per annum, which makes it possible to loan to the borrowers at 5 per cent net.

I am at a loss to understand why some of my colleagues argue that the farmer on a farm valued at $50,000 or $60,000 should be compelled to go to a joint-stock land bank or insurance company or some private loan company and pay 6 per cent or more for his loan, while at the same time the man living on a $10,000 or $15,000 farm should be permitted to use the Federal farm land banks and secure an amortized loan at 5 per cent. Proportionately, the man on the more valuable farm is in just as great need and in just as hard circumstances as the man on the smaller farm, and experience out in the Central States convinces me that often the owner of the larger land unit is in even greater need of a loan than the one who has the smaller unit, and since it has been proven that all can be taken care of if the restrictions are removed, in my judgment there is no excuse for further delay on the part of Congress.

While the question of the constitutionality of the act was under consideration there was justification for delay, but since the act has been declared constitutional and since recent experience shows that the Federal land-bank bonds are in great demand, there can be no further excuse for delay in increasing the maximum loan from $10,000 to $25,000.

An offering of $75,000,000 of 4½ per cent Federal land bank bonds was sold at par on the first day they were placed on the market in the spring of 1922. Again, on September 24, 1922, $75,000,000 more of 4½ per cent bonds were sold at a price of 101½, the entire issue being subscribed during the forenoon of the day the sale was conducted. In the face of this record can anyone consistently doubt that sufficient funds can be raised at any time to supply the entire borrowing needs of agriculture?

This movement for the increase of the maximum loan from $10,000 to $25,000 has been approved by the great majority of the farm organizations of the country. As early as 1917 the Federal Farm Loan Board made the following statement in their annual report:

> Moreover, in some sections where land values are high and farms are expensively equipped, many farmers, if they need to borrow at all, need to borrow more than $10,000. Such loans are often exceptionally well secured and desirable, and there seems to be no sound reason why the Federal land banks be prohibited from handling these loans. We, therefore, recommend that the Federal farm loan act be amended by striking out "$10,000" and inserting in lieu thereof "$25,000."

Again, in the second annual report, dated November 30, 1918, we find the following words:

> Experience indicates the very decided advisability of a modification of the minimum and maximum amounts of loans which were fixed in the act at $100 and $10,000; we are strongly of the opinion that these limits should be made $500 and $25,000.

Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Pennsylvania is recognized.

Mr. McFADDEN. Mr. Chairman, I yield to the gentleman from North Dakota [Mr. SINCLAIR].

The CHAIRMAN. The gentleman from North Dakota is recognized.

Mr. SINCLAIR. Mr. Chairman and gentlemen, I simply want to ask unanimous consent to extend and revise my remarks in the RECORD.

The CHAIRMAN. The gentleman from North Dakota asks unanimous consent to revise and extend his remarks in the RECORD. Is there objection?

There was no objection.

The extension of remarks referred to is here printed in full as follows:

Mr. SINCLAIR. Mr. Speaker and gentlemen of the House, it seems to me to be ill-advised at this time for the Congress to attempt to amend a law that has functioned so well for the brief period since it was enacted. We should remember that this law was created during the most abnormal time in the world's history. Ever since its passage the World War and its effects have upset all economic conditions. Yet we find from the report that the system placed nearly a quarter of a billion dollars' worth of loans to farmers during the past year. This is the largest year's business done in its history and nearly one-third of the total business done by the Federal land banks since their organization.

In the face of this record, however, the proponents of this bill (H. R. 14270) known as the Strong bill give as the principal reason for its adoption that the Federal farm loan act is not functioning properly and that the amendments proposed in the bill are urged in order to make the law more workable. In my judgment, the law has never been given a fair chance to operate and has only now come through the organization stage and is prepared to handle the business in such volume as its supporters claimed for it when the system was adopted.

There has been loaned to 232,543 farmers the aggregate sum of $684,407,289, an average loan of slightly less than $3,000 each. There have been so far no losses and very few foreclosures, notwithstanding the calamitous period through which the farmers of the United States have passed the last two years. Loan mortgage companies that have been in business for 25 years have not such a splendid record as this. Great credit is due the men who have been in charge of the work in the several land banks. They have acted conservatively in the placing of loans. Many of us in the Northwest think they have been too conservative, but the extent of the safety in the operation of this business has not been due all to management but also to the excellent protective provisions of the act itself. The capital stock of the several land banks is provided for by 5 per cent subscription from the amount of the loan extended to each borrower. This gives every one of the borrowers an interest in the bank. At the present time these borrowers or stockholders have paid into the capital and surplus about $36,000,000. There remains but $3,000,000 of the capital advanced by the Government originally to the banks to be repaid by the stockholders. In other words, the farmers own 90 per cent and the Government 10 per cent of the present capital of the 12 Federal land banks. This system is really a big cooperative—the largest in the United States. Consequently, the theory underlying the present law, and I believe the purpose of the incorporators of it, was to have the Government teach the farmers who needed loans to pool their credit cooperatively, and thus obtain farm loans at the lowest possible rate of interest.

Instead of the Government's becoming more and more paternalistic and exercising greater power over the system, the idea was that the Government should gradually withdraw from the system, until finally it might have only advisory and supervisory powers. H. R. 14270 contemplates just the reverse of this, and in my opinion is repugnant to the whole theory on which the Federal farm-loan system is founded.

There are two outstanding reasons why this bill, seeking to amend the farm loan act, should be defeated. First, it will take the control of the system entirely out of the hands of the farmer stockholders, and place it in the hands of the Farm Bureau here in Washington. Through the system of agents, provided for in one section of the bill, this bureau could and would become the most far-reaching political machine ever yet devised. No advocate of this bill has as yet satisfactorily answered the question of the gentleman from Michigan [Mr. KETCHAM] as to where the actual control of the several land banks would be vested under the proposed plan of nominating directors. It is not doubted in the minds of any that if this bill becomes a law the power to control the policy of the banks will be centralized in the Farm Loan Board. The farmers who paid in the $36,000,000 capital will find that they have furnished all of the money, and will have the least to say as to what will be done with it.

Second, the appointment of agents to solicit business and make loans direct to farmers will destroy the local farm-loan associations because of the lessened liability of the borrower. At this time every loan must be made through a local association, and each member of the association is liable for the default of any other member. This provision not only insures a more conservative valuation of the property offered as security for the loan but in addition it requires a higher standard of integrity among the applicants. These features are not overlooked by the bond buyers, and they are one of the strong fac-

tors in lowering the rate of interest on the loans. Of course, a borrower would prefer to get his money direct, without further liability for his neighbor; so all the new business would be done through agents, even though the associations were allowed to continue. Eventually the loans so made would be less and less desirable to bond buyers and a higher rate of interest would be exacted. This would be true because it would be the natural desire of the agent to make bigger loans and more of them in order to earn a larger commission for himself. But the worst feature of this arrangement, from the standpoint of the borrower, would be the destruction of all cooperative progress made in the past five years. If the problems of the farmer are to be solved and his condition improved in order to keep pace with modern business advancement, not only must he hold fast to the measure of cooperation already obtained but it is imperative that he organize into cooperative units for the purpose of marketing his entire product and controlling his credit.

The Government can pass emergency legislation to give temporary relief, but the fundamental basis upon which future prosperity for agriculture must depend will come through self-help methods. It is the business of Congress to provide the necessary legislation to enable the farmers' cooperative organizations to control their own business. The proposed measure, if enacted, would be a backward step.

The statement has been made that opposition to the Strong bill arises from mere propaganda. I have in my district 90 Federal farm loan associations. From these I have received over 60 letters, representing as many associations, condemning on behalf of the members this bill in the strongest terms. I would like to inquire of those making the above statement whether such an expression, coming directly from the farmers themselves, who are the ones most vitally concerned in the matter, is "mere propaganda." I for one give them credit for being alive to the dangers confronting them in the passage of such a measure. I am informed also that many other Members of Congress have received protests from their associations. I most earnestly hope that the Congress will protect the interests of the farmers by defeating this bill.

Mr. McFADDEN. Mr. Chairman, how much time have I?

The CHAIRMAN. The gentleman has 11 minutes remaining.

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. LUCE].

The CHAIRMAN. The gentleman from Massachusetts is recognized for 10 minutes.

Mr. LUCE. As a member of the subcommittee which redrafted this bill it probably behooves me to say a word in its behalf. As in the case of all important legislation involving much detail, this bill is a compromise. It contains things which, if taken singly, would in many instances not have been acceptable to those who undertook the work of bringing their minds together. I have failed to hear this afternoon a single criticism or objection which did not receive earnest and lengthy consideration by those who undertook to work out a solution. Many hours were passed in considering these very objections, and when we at last reached an agreement it was with the knowledge on the part of every one of us that, could he have written the bill himself, it would in some detail have been different.

There is, of course, in such a juncture as this a grave danger that gentlemen will allow their objections on the score of individual particulars to overweigh other features that they may grant are advantageous. I dwell on this simply in order to assure you that those who have spent days and weeks in trying to reach agreement have, in my judgment, been assiduous, earnest, conciliatory, and working for the public welfare. In this matter we have been constantly in touch with the Farm Loan Board. This very admirable system was blessed by fortune in that it was put into the hands of a remarkably public-spirited group of men, who have been zealous to the extreme in attempting to perform their duties in a way that would carry out the will of Congress and benefit the people.

They include in their number some exceptionally able administrators, and under their guidance and with their advice we have reached this conclusion that we lay before you. Time does not permit me to answer arguments in detail. In the few minutes at my command I would address myself to one general phase of the situation. I find myself in almost complete accord with what was said by our fellow member of the committee [Mr. MACGREGOR] and others who have regretted to see here what they think is an end to the association idea. I heartily agree with the gentleman from North Dakota [Mr. YOUNG]. They fail to recognize the facts of the case. They are unable to see that this association idea will not be killed by this bill. The trouble is that the association idea is already dead, or at any rate moribund. The figures show that not one of these associations in ten can secure the attendance of a quorum at an annual meeting. They show that as soon as men receive their loans they lose all interest in the association. There are a few that are trying to carry out the original purpose of the law. I would that the critics of this bill had devoted their time and energy to devising a remedy. They should have recognized that the original purpose of the system has been thwarted, that we are all disappointed because the cooperative idea has not herein succeeded. I have my own views as to the remedy. I wish time might permit me to tell you how in my own State we have saved the cooperative idea. I would extol the desirability of injecting into this system the principle of thrift. It seems to me the attempt at cooperation was foredoomed, because the system as put into effect confined the local investment of the money to those who borrow, because it did not have recourse to such supplies of capital as exist in every town, village, and hamlet in the country, because it did not enlist the cooperation of philanthropic citizens, the townsfolk, the merchants, the professional men who joined with us in our cooperative banks in Massachusetts in cultivating cooperative thrift.

I think that is the great weakness of the system. But as it is, with the system not accomplishing what it was meant to accomplish, our duty as practical men is to meet the facts of the case, and the facts of the case, in my judgment, can warrant no other conclusion than that which we have embodied in these changes that we lay before you.

Mr. HUSTED. Is the system functioning well at the present time?

Mr. LUCE. In my judgment the system is not functioning as its founders contemplated, as I say it might function, and as I would be glad to have it function.

Mr. HUSTED. Is it functioning prosperously at the present time? That is, are they making loans and meeting all demands?

Mr. LUCE. The system is functioning prosperously, using the word as a financier uses it. It is not functioning prosperously from the philanthropic point of view. It is not reducing tenantry, it is not helping large numbers of young men to acquire farm holdings.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MACGREGOR. Mr. Chairman, how much time remains?

The CHAIRMAN. The gentleman from Pennsylvania [Mr. MCFADDEN] has one minute remaining and the gentleman from New York [Mr. MACGREGOR] has 25 minutes remaining.

Mr. MACGREGOR. I yield 25 minutes to all who are opposed to the bill excepting myself. As I understood it the time allotted to me was for the use of those who are opposed to the bill.

The CHAIRMAN. The gentleman was recognized in opposition to the bill for one hour.

Mr. MACGREGOR. Gentlemen on the other side of the aisle desire to use some time, and I want to yield to the gentleman from Alabama [Mr. STEAGALL], who is against some features of the bill, but I do not want him to yield to those who are in favor of the bill.

Mr. WINGO. I understand the gentleman is going to use all the time himself. Possibly that simplifies the situation.

Mr. STEAGALL. I am going to yield five minutes to the gentleman from North Dakota [Mr. BURTNESS].

Mr. MACGREGOR. Is the gentleman going to yield the balance of the time to those on his side who are opposed to the bill?

Mr. STEAGALL. I am going to use the other 20 minutes myself.

Mr. MACGREGOR. I yield to the gentleman from Alabama [Mr. STEAGALL] the balance of my time.

The CHAIRMAN. The gentleman from New York yields 25 minutes to the gentleman from Alabama [Mr. STEAGALL].

Mr. STEAGALL. I yield five minutes to the gentleman from North Dakota [Mr. BURTNESS].

Mr. BURTNESS. Mr. Chairman and gentlemen, it is impossible for me to give you my views with reference to all the provisions of this bill in five minutes. There are a number of provisions in the bill which I think are very meritorious and which I trust I may have an opportunity to vote for, but there are some provisions, and at least one, in the bill which to my mind are so vicious and which so change the present system that I can not possibly vote for the bill unless it is substantially amended when the bill is read under the five-minute rule.

First, I want to touch briefly on the provisions relative to the appointment of agents. I commend the gentleman from Massachusetts [Mr. LUCE] for the fact that he is at least, as I view his remarks, frank with the House, for he has conceded,

as I gather the import of his remarks, that in his opinion the associations are failing to perform their duties, and for that reason it is desired eventually to do away with the associations altogether and to allow all the work in the future to be done by agents who may be appointed, and that this is the beginning of a movement to that end. Other speakers on behalf of this bill have denied that proposition upon the floor and have contended assiduously that this bill would not tend to destroy the associations either in the immediate future or eventually. I want to say to you that there is no question in my mind that if we are to appoint agents to any appreciable extent such system will operate to destroy the associations eventually, and I can not help believing that such was the intent of the bill in the first instance. I refer, of course, only to section 5 of the bill. I think that contention is amply sustained by the provisions which are found in the first two bills that were introduced upon this proposition, including the bill which was first favorably reported by the Committee on Banking and Currency, H. R. 14041, which was reported to the House, for in that bill you find absolutely no safeguards whatsoever relative to the appointment of agents.

Under the provisions of that bill, by the same author and favorably reported by the committee, an agent could be appointed without any showing whatsoever to the effect that the associations were not functioning in their respective communities.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. BURTNESS. I have not the time to yield.

Mr. STRONG of Kansas. The gentleman is mistaken, that is all. I rose to correct the gentleman.

Mr. BURTNESS. An agent under that bill could be appointed any time, as desired by the board. Several safeguards have, however, been inserted in this bill. Suggestions have been made to the effect that loans can not now be made in certain quarters. That is true, but I submit to you that in most of the cases it is not due to the way in which the business of the associations is managed, but rather due to the fact that the demand for loans has been much greater than could possibly be met by the system. Let me read to you a portion of a letter from a very able and active secretary-treasurer of one of these associations in my State. He says this:

> As suggested before, there have been and are still in force rules which hamper the associations from functioning properly and which prevent them from taking care of the demands for loans originating in their territories. The first of such rules is the arbitrary allotment of a limited number of applications per year to each association. Last year each association was allotted 20 loans when we should have had at least 300. The year before we were allowed 8 applications to handle at least 200 requests. This arbitrary rule, of course, prevented the association from meeting the demands made upon it for loans, but no rational person can blame the association for that.

I think if you investigate each case where complaint is made that an individual farmer has been unable to get some attention you will find that as a rule the cause is not the failure of the secretary-treasurer or of the association but, rather, due to the fact that they have so many demands for loans that they could not put them all through. I appreciate the fact that once in a while you will find some secretary-treasurer who will not give a square deal to his community. He sometimes plays favorites, he may be lazy or incompetent, he may not be interested in the clientele of an opposition bank, he may allow petty and personal prejudices to warp his judgment. I have no objection to attempt to remedy the defects found so long as we do not create worse ones. I think it should be made plain to every officer of an association that he must not play favorites; that he must deal fairly with every applicant, no matter who he may be. But is it proper and advisable to-day to do away with the fundamental principle that underlies this legislation—this entire farm-loan system as I understand it to be—and proceed in such a way that in the future the cooperative associations will be at an end and displaced by agents anxious to make loans for the commissions provided? For instance, if there is any community where an association is not giving applicants a square deal or is not doing business, the Federal land bank could send out some tactful representative to investigate and see what the trouble is; and if the people of one church have formed an association and refuse to allow the people of another denomination to get into that association, it ought not to be difficult to proceed and get another association organized to take care of the demands.

It may be that eventually we will find that associations can not function permanently and that all the business should be done through agents. Surely the record of the system defies any such suggestion at this time. If that time comes, we can meet it. I do not believe that we can have agents and associations working side by side without making formations of new associations impossible. Oh, they reply that when new borrowers are taken care of through agents 10 of them can later form an association. Remember that the borrower's incentive to do so is gone the minute he gets his money. Ninety per cent of the borrowers are not interested in their investment in the stock of the bank—they connect themselves up with the system because they want a loan. Unless he becomes a member of an association when he gets his loan not one out of a hundred will become so later.

Let me quote from a letter written me by Mr. Samuel Torgerson, a prominent resident of my district and a member of the executive council of the St. Paul Land Bank. He writes:

> We had a meeting of the executive council of the Federal Land Bank of St. Paul somewhat over a week ago for the purpose of discussing certain amendments and new legislation with reference to the land bank. Of the six amendments proposed, we favored all except the last one. This we unanimously voted to oppose. The reason is this: The amendment provides that loans can be made through agencies as well as through local associations. The result of that would be that all loans would practically be made through agencies hereafter and the local associations with their cooperative feature would be destroyed. We all felt that this was a radical change in the methods adopted, and that the cooperative feature is a very favorable feature to safeguard loans and make the success of the Federal land bank assured.

Lack of time prevents my quoting from other practical business men, bankers, and farmers who have contact with the system as it works in the field.

If a member of the committee does not do so, I shall move to strike out all of section 5 at the proper time. Let us retain the opportunity for these associations to increase and develop in the future if for no other reason than as lessons in cooperation for our farmers. If they learn to cooperate in their associations where they have made at least a fair start it will be easier for them in a larger field. [Applause.]

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. STEAGALL. Mr. Chairman, I yield two minutes to the gentleman from Arkansas [Mr. WINGO].

Mr. WINGO. Mr. Chairman, I was not in the room when the gentleman from Texas [Mr. JONES] made his statement or I should have made this statement that I am now about to make at that time. I regret very much the misunderstanding and display of temper upon my part. I wish to express to the committee my regret and for my violation of the proprieties and the rules of the House. I thought I had made a frank and manly statement of my position with reference to the control of time, and I thought the gentleman from Texas was questioning my good faith, so naturally resented it. I understand that he says that that was not the case. I join with him in expressing regret to the committee for the occurrence. [Applause.]

Mr. STEAGALL. Mr. Chairman and gentlemen of the committee, I appreciate fully the great benefits of the farm-loan system and I have high regard for those in charge of the system. It is a source of regret that I do not agree with them in all their views. I am opposed to one of the provisions in this bill. I favor the bill in other respects in its entirety. The basis of my objection and my only objection to the measure is the amendment governing the maximum amount of loans which Federal land banks are permitted to make.

The original law fixed the maximum amount of loans at $10,000. The present measure under consideration sets $16,000, generally speaking, as the maximum amount of loans which the banks are permitted to make, and adds a proviso that loans may be authorized by the Federal Farm Loan Board to the maximum amount of $25,000 where, in their judgment, the application discloses that the loan is for proper purposes and that its allowance will be beneficial to the cause of agriculture. Stated briefly, the bill authorizes the raising of the maximum amount of loans from $10,000 to $25,000. I do not think this change is wise or that it will redound to the promotion of the purposes for which the farm-loan system was established.

The farm-loan banks were granted the privilege of issuing tax-free securities. They were granted other governmental favors in the matter of salaries and expenses of some of the officials of the system, aid was extended by the Government in providing capital stock for the initial capital stock of the various land banks, and other Government aid to set up the system and keep it going. We justified the participation of the Government in this system and the favors shown it upon what I believe to be grounds of sound public policy and national welfare, the underlying thought being to take care of the small farmer and to make it possible for the ever-increasing horde of tenant farmers in the country to purchase farms and become home owners and home builders. I think the favors shown by the Government in the establishment of the Federal land-bank system were entirely and fully justified, but I ques-

tion seriously whether we ought to increase the maximum amount of loans to be made 150 per cent at this time, when the system may be said to have barely been started and set going. I fear we may get away from the purpose to care for the needs of the small farmer or tenant who is trying to become an independent home owner. Until his needs are supplied we can not risk the success of our efforts in his behalf to aid the owner of a farm worth $50,000. That is what a man would have in to order to obtain a loan of $25,000.

Mr. TILSON. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. TILSON. Is it a fact that the total amount to be loaned is strictly limited so that an unlimited number of larger loans can not be made?

Mr. STEAGALL. I do not quite catch the gentleman's question.

Mr. TILSON. In other words, will the raising of the limit to larger loans take all the money that is available?

Mr. STEAGALL. I am coming to that. We provide that preference shall be given to applications for loans of $10,000 and under, which upon its face might seem to take care of the small borrower or the small farmer. But gentlemen who have kept informed of the progress and development of the farm-loan system and difficulties in the way in recent years and during the time following the decision of the Supreme Court in which the validity of the statute was involved, will remember that the demands of the system as it now exists far exceeded the ability of the banks to take care of their applications for loans. The validity of the act was sustained, I think, in February, 1921, and in May the first bond issue was sold to the extent of $40,000,000. At that time the banks had applications for loans aggregating a much larger amount. Later on they sold $75,000,000 of bonds, but at that time they had something like $150,000,000 of applications for loans. The representatives of the Farm Loan Board came before our committee, and stated to us when we were making efforts to put the system to going and to provide methods by which the banks might take care of the applications for loans—representatives of the Farm Loan Board insisted that they could not successfully arrange for the sale of bonds in amounts exceeding $75,000,000 quarterly.

That was one of the reasons the system was allowed to drag as it did for a year and a half after the decision of the Supreme Court—unable to take care of the applications for loans filed under the provisions of the existing law. Therefore I do not think the time has come—if, indeed, it ever will come—when it is wise to venture to increase to $25,000 the maximum amount of loans. It was frequently stated by those in position to advise that the bond market would not absorb a greater amount of bonds than was being issued. I know that since that time conditions have improved. I am not sure that these statements were entirely accurate at the time. I am sure that a much greater issue of bonds can be absorbed by the market now than has been. But it has only been a little while since the land banks had large accumulations of applications for loans that could not be supplied. It is a very recent thing that the banks have been able to meet demands on them. I am not prepared to say that if you open up this system to all the mortgage loans in the United States, which amount to some seven or eight billion dollars as I recollect, that we might not easily exhaust the demand for bonds and find ourselves unable to supply funds to take care of anybody's loan, whether large or small, and if we get into that condition, which I think entirely possible, the provision of the present bill that preference shall be given the small borrower will be of no value.

You can not take care of the big fellow nor the little fellow unless you have the funds. Let us not forget, too, that bankers all recognize that it is much more risky to loan a certain sum in a large amount to one borrower than to divide the same sum into a number of small loans to small borrowers. I can not see my way clear to undertake the burden involved and which I think will certainly follow change in the law raising the maximum loan to $25,000. For that reason, as a member of the Committee on Banking and Currency, I have reserved the right to oppose that part of this measure.

I think there is some misunderstanding regarding the other provisions of the bill. I know, or at least I am impressed with what I hear, that the provision which I oppose is probably the most popular provision of the bill, but in my judgment it embodies a dangerous and unwise change in the law. The next most important amendment, perhaps, is the one which authorizes loans to be made directly to borrowers through agents, and, to be frank, I hesitated at the beginning of the consideration of the bill to agree to that provision. I think, however, it has been safeguarded so as to take care of or remove many of the objections that have been urged against that change in the law. It seems to have been overlooked or misunderstood, and I want to call attention to what was done with that particular amendment. Gentlemen urge that borrowers, through associations, become liable in double the value of their stock in the farm-loan associations. That is true, and I recognize the advantage of it as it affects securities to be issued. An association represents only a small number of men, say 10 borrowers, and one man is therefore liable under the association system only to the extent of any loss that might be involved through the default of any one of the other 10 men. But in the plan for direct loans we have incorporated the following provision:

> Shareholders in a Federal land bank under this provision shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of stock owned by them at the par value thereof, in addition to the amount paid in and represented by their shares.

So that, instead of having an association of 10 men, or having a system by which one borrower is liable in double the amount of his stock for any default upon the part of 10 men, we make each man under the direct system liable for twice the value of his stock for the default of any of the borrowers in the whole land-bank district, so it will be seen that, instead of having destroyed all effort at association, the bill automatically forms an association among all of the direct borrowers and make each one liable to the extent of twice the value of his stock for the loan of every other direct borrower in every State, county, and section of his land-bank district.

Mr. JONES of Texas. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. JONES of Texas. While the liability in each instance is the same, will not you by making that change lose the interest which each man of the local association takes in seeing that the other man's loan is properly safeguarded and well secured? In spreading it out over so great a territory, he will not be so much interested in his neighbor's loan.

Mr. STEAGALL. That is made up for by the fact that, instead of having a handful of men in one community responsible one for the other, you have the direct borrowers of the whole system each liable for the loans of every other in double the amount of his stock, and so far as protecting the bonds is concerned—and I admit that that is not the only consideration that enters into the matter—it is a bigger and stronger and better associaion than any farm-loan association ever organized.

Mr. STEVENSON. And you have in addition to that a reserve created out of the profits.

Mr. STEAGALL. Yes; you have that in addition to the double liability of each direct borrower on his stock.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. BANKHEAD. I would like to have my colleague's opinion of the criticism here that the effect of this amendment would be to destroy a number, if not all, of the local associations organized under existing law.

Mr. STEAGALL. I know that is the argument made against this provision of the bill, and I grant the gentleman that I think the tendency will be in many localities for men to secure their loans through agents by the direct method, and yet this amendment provides that the provision for loans through agents shall not go into effect where farm-loan associations have been formed and are functioning, and before an agent is authorized to make loans notice is given to the community that they may form associations if they see fit to do so. As a matter of fact, so far as I have observed or been able to ascertain, the association feature of the system has not worked so well as a great many people expected it would, and in many localities farmers are suffering for the accommodations provided by the land-bank system and they are not getting them under the present farm-loan association system.

Mr. HARDY of Texas. Is not the gentleman mistaken in saying that they must give notice to the community? That notice is to the land-bank association, where there is one, and if there is no association there they do not get any notice.

Mr. STEAGALL. The gentleman is entirely correct, but it amounts to notice to the community.

Mr. STEVENSON. And if there is no land association, then, under the law as it stands to-day, they can immediately appoint an agent.

Mr. HARDY of Texas. And the next thing will be that under this bill there will be no land association.

Mr. STEAGALL. If there is no association you would not be able to destroy it. That is surely the fact. You can not destroy associations where none exist.

Mr. HARDY of Texas. But if it liquidates you do destroy it, do you not?

Mr. STEAGALL. Yes. I do not say we destroy it, but it will be liquidated.

An important provision of the bill which I very much favor is the one which fixes a plan for selling the bonds of the land banks. This creates a bond committee and provides that all bonds of the various banks shall be sold as one, to be designated as land-bank bonds, instead of having each bank market its own bonds as provided in the original law. The new plan perfects the purpose to have each bank responsible for the bonds of every other bank. It puts farmers in association. It gives farmers in sections where money is scarce and interest high the same advantage in marketing their securities that are enjoyed by farmers in more fortunate sections. This is highly important and desirable.

The gentleman from Ohio [Mr. BEGG] was greatly in error about one of the provisions of this bill in reference to its enlarging the purpose for which loans may be made. I want to call attention to it. It is not of such great importance, but the only change this bill makes in the purpose for which loans may be made is to provide that loans may be authorized to take care of debts that accrued prior to January 1, 1922. We have attempted to liberalize the law at that point in order to take care of the men who suffered during the period when there was an unprecedented deflation in prices of farm products that brought so much trouble and destruction among the farmers of the country and in the financial and industrial life of the Nation, and that is the only change made at that point. The section referred to by Mr. BEGG is in the existing law, and there is no change except that to which I have just referred.

Mr. BOWLING. Will the gentleman kindly discuss the effect on the local associations of the provisions of the bill which provide for direct loans to the individual rather than through the association?

Mr. STEAGALL. Well, I have been talking about that, and my time is about out, and I have one other important thing which I desire to discuss. If I have time later, I will undertake to make further answer to the question of my colleague. I want to call attention to this, and it is an important part of the bill. Under the original law the system was to go into the hands of directors selected by the local farm-loan associations after the temporary organization, by which directors were to be selected by the Federal Farm Loan Board.

The Treasury subscribed for some bonds during the war, for reasons not necessary to outline now, and the law was amended so as to provide that during the time the Treasury holds any of those securities the control of the different banks shall continue in the hands of directors selected under the temporary plan by the Federal Farm Loan Board. This is the law to-day, and one purpose of this bill is to get away from that and put control back in the hands of the local associations, where it can stimulate the interest of those who are borrowing in the system and strengthen and promote the association feature of the plan, which all recognize as helpful and desirable. So we have provided in this bill that three of the directors shall be named by the Federal Farm Loan Board, three district local directors shall be selected by the farm-loan associations and direct borrowers, and they shall select three names to be submitted to the Federal board, one of whom must be selected by the Federal Farm Loan Board to constitute the seventh member, which puts four directors in the hands of the associations. The Farm Loan Board is compelled to accept one of the three men whose names are submitted by the farm-loan associations.

This goes far enough in granting control to the borrowers, who are to owe 20 times the amount of their stock in the land banks and whose chief interest is that of borrowers, and which in every way is only temporary. Their sole purpose in coming into the system is to borrow. But whether we look upon them as stockholders or borrowers, I can not accept the view that connection with the Government is destructive or undesirable. The one great purpose upon which success depends is that the system be in safe hands and be enabled to enjoy the confidence of the investing public. Upon this depends the sale of bonds from which must come the necessary funds to supply the demands for loans. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. McFADDEN. Mr. Chairman, I yield the balance of my time to the gentleman from Ohio [Mr. MORGAN].

Mr. MORGAN. Mr. Chairman and members of the committee, the American Farm Bureau Federation is in favor of this bill. Mr. Herbert Quick, associated with the American Farm Loan Board, was assigned to the duty of forming cooperative organizations. Mr. Herbert Quick is still associated with the Farm Loan Board, and has made some observations concerning this bill, and is in a position to speak with authority. I ask unanimous consent to extend my remarks in the RECORD by publishing the statement of Mr. Quick and a statement made by the American Farm Bureau Federation.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to extend his remarks in the manner indicated. Is there objection? [After a pause.] The Chair hears none.

The statements referred to are as follows:

AMERICAN FARM BUREAU FEDERATION,
Washington, D. C., January 15, 1923.

QUICK URGES FARM-LOAN AMENDMENTS.

"The man on the high-priced farm land is the man who is really under distress to-day. It is not because he is wealthy that he needs a larger loan limit in the Federal farm-loan associations; it is because of the price of his prime necessity, the land. The present loan limit of $10,000 on 250 acres of land, not counting the improvements, will finance a mortgage of 50 per cent on only 40 acres. That is not enough; and you must bear in mind the fact that if you raise it to $20,000 you can loan on no more land than you could in 1914 when you began agitating this system. In other words, you have increased your loan limit to correspond with the increasing price of land. That increasing price of land is not a healthful condition; I do not like it. And if you are going to serve the farmer you have got to give him greater loans than you are giving him now."

This is Herbert Quick's statement, ex-member of the Federal Farm Loan Board, in charge of the cooperative farm-loan associations, publicist and writer, when testifying before the House Banking and Currency Committee on the Norbeck-Strong bill, which amends the Federal farm loan act in several particulars. The most important feature of this bill, from the American Farm Bureau Federation's standpoint, at least, is the removal of the maximum loan limitation and making it possible for the cooperative farm-loan associations to lend upon the same basis as the joint-stock land banks, the amount of the loans to be regulated by the quality and size of the collateral offered.

NOT OPERATED FOR PROFIT BUT FOR SERVICE.

"The joint-stock land bank, the other banking system created under the same act as the cooperative farm-land banks, does not have to operate where it does not wish to," continued Mr. Quick. "It is operated for profit purely, and it enters a county or it stays out. Yet a great many men want loans over $10,000 who are not within the territory where the joint-stock land banks are operating but where cooperative land banks are.

"You say the joint-stock land banks are operating in every State. They are. So were the farm-mortgage bankers before the farm loan act was passed operating in every State, and yet there were great areas where there was no farm-mortgage credit available to the farmers.

BUILDING FOR SOLIDARITY.

"I perhaps had better give the committee the experience of a man who has been on the board as to why the interest rate has been kept up to where it is. In the first place, these banks started out owing the Government several million dollars. The Government put the money in it. So it was desirable to accumulate money and pay the Government off. Then our business started with the opinion of the investing world against it. It was regarded as a socialistic experiment in the minds of the most conservative and it was likewise regarded in the minds of the liberals as experimental.

"The result was that we felt that it was necessary for these banks to maintain a margin of at least 1 per cent between their bonds and their interest rate, in order that they might strengthen themselves. The banks are all getting very strong; they are among the strongest financial institutions in the country and their bonds are in excellent demand; the legality of the act has been supported by the Supreme Court of the United States and their interest rates are going down, unless interest rates generally go up. The interest rates are higher than they need to be at this time, and I notice that the members of the Farm Loan Board—and I apprehend that Secretary Mellon, who is ex officio a member, knows that—and the Federal land banks are going to do business on a closer margin between the interest rate and the bond rate in the future and the advantage will accrue entirely to the borrowing farmers, and I think the borrowing farmers, especially those who prefer to be in the Federal land banks, should be given the benefit of the higher loan limit.

STRENGTH THROUGH NUMBERS.

"The fact of the matter is that the leaders outside the farm-loan system in Iowa, while they grant a larger proportion of the value of the farm than the Federal land banks do, owing to the fact that the Federal Farm Loan Board refused, refused very wisely, to follow up the expansion of land values in Iowa. We made a rule that we would not loan over $100 an acre on any Iowa or Illinois farm. No matter if they might call it worth $400 an acre it was not worth more than $100 to us. That was the Federal land bank. I do not know what the rule is as to the joint-stock land bank.

"But that is not important where a man has 160 acres of land. The joint-stock land bank can loan $100 an acre on the whole 160 acres, while the Federal land bank would be confined to $10,000, no matter how large the farm is. The loans are not any better in the joint land bank, but they are large and they can more nearly meet the needs of the farmer.

"The advantage that the joint-stock land bank has practically over the Federal land bank is that when you get above a $10,000 loan limit the competition between the Federal land bank and the joint-stock land bank ceases, and the joint-stock land bank has the field to itself, except competition from the farm-mortgage bankers. The competition ceases and he has the field to himself. I do not think that is a good thing.

"I recently saw a statement in an agricultural bulletin which said that the Federal farm loan act had operated in the case of 5 per cent of the cases in putting farm tenants in as owners, and I think that is as much as you can expect. In the case of 1 in 20 it has had the effect of putting the farm tenant in the position of owner. I think that is creditable when you consider the small amount of rental value as compared with the interest cost to buy it."

In commenting upon the question which was raised as to whether the appointment of agents of the Federal farm land banks would take away the cooperative feature of the Federal farm loan act, Mr. Quick told the committee he did not believe 10 per cent of the associations

have ever had a meeting at a time when there was a quorum of stockholders present.

Mr. Quick said that the borrower's interest lapsed almost immediately upon getting a loan and there is very little to stimulate the interest of borrowers themselves. They are done when they have borrowed their money, and the loan is amortized in 33 years. Their interest rate is fixed and the borrower's investment in the association is limited to 5 per cent of the face of his loan. He is not interested in the amount of money he has invested in the cooperative organization, for it is put up as the last payment of his loan. He is not much interested in dividends.

If he has $3,000 loan he has $150 invested in stock. He is interested in the dividends on that stock but he is not interested very much, and the way he is interested is purely speculative.

"I am not moving in any aura of reports of European commissions and things that we thought about when the system was adopted. My testimony is based upon experience. The rule in the farm-loan associations is that they organize, they hold their meetings, and that they get the money, and when they do that they are done. They never have another meeting at which there is a quorum.

SYSTEM DIFFERS FROM EUROPE'S.

"Our system differs materially from that of Europe. In some of the systems in Europe the loans are made up to 60, 70, and 80 per cent of the value of the farm. And in some of them they have a personal liability which is unlimited. In other words, everybody's property is bound to pay everybody's debts.

"Under that kind of system you are sure to have such anxiety on the part of everybody in the association for the success of it that you can get real cooperation out of those people, because their whole fortunes are at stake. But in this country, where we loan only up to 50 per cent of the value of the land, plus 20 per cent of the permanent and insured improvements, the farmers are not particular about any personal liability. They take it that this measure was made for a very remote contingency. I have found there is not any such thing as cooperative interest in the organization of the system.

"My feeling after struggling with this cooperation in land mortgages for two years was that the whole cooperative feature fails, that what we have here is only a false appearance of cooperation growing purely out of personal interest of the secretary-treasurer, who is, after all, nothing more nor less than a loan agent and who has become the shell of an organization from which the cooperative meat escaped just as soon as they got their loans.

"The fact is, there are not any benefits in the farm-loan system that do not end when the farmer gets his loan. His interest is fixed, his investment is fixed, and the only uncertainty he has is the gobbling of his dividends, which do not amount to anything.

MUTUALITY BUT NOT COOPERATION.

"I think that the land mortgage credit, when it is made as conservatively as ours, so there is not the element of continuing personal risk to the farmer, is utterly hopeless as a cooperative arrangement. There can be a great element of mutuality in it, but it is a mutuality that dies with each particular loan, and the transactions are not numerous enough, they are not continuous enough, and the interest is not great enough to stimulate a man to leave his home after he has worked hard all day and attend a meeting when there is nothing to do and there is nothing particularly worth while to discuss.

"The great benefit of the farm-loan association was this: It put the Federal farm-loan system into every part of the United States. Prior to that time a great many localities in the United States were almost utterly without farm-loan credits. Nobody went into a district where the loans were not big enough to make the business pay. Of course, they would not go.

"We talk here about the solvency and about the value of the Federal farm-loan bond being increased by taking these big loans. That is entirely illusive. The loans that we made in the districts where they were the smallest are just as good as the loans made in districts where they were the largest.

"Strangely enough the investor has a tendency to pay more for a New England bond, which is fundamentally the poorest bond we have if it were not for the interdependence of the banks, than he does for an Iowa bond or for a Mississippi bond which is the best. Take the New Orleans Land Bank, for instance. The New Orleans Land Bank made a great volume of loans, some of them as low as $100; and after they had been running a year or two the loan average was not over $700 to $800. They were, too, poor farmers, and some of the localities were just poverty-stricken places. And yet that district is almost entirely without delinquents, almost always has been, and there were abstracts of title that I would not have examined for $100 that we made loans of $100 on.

"That business is hard to do with a profit, but it has had a tremendous public benefit. It extended the farm-loan business all over the country, even to New Mexico, where we made loans on a basis of 50 cents an acre. I think that the Omaha Land Bank is making loans in Wyoming district at an absolute loss, because the public interest and the spirit of the law demands that they go out there.

"The farm loan association did that. The farm loan association showed the world that these loans that the old mortgage companies would not make, because they were unsafe or unprofitable, are actually safe when they are made in great numbers, with due attention to insurance of titles.

AGENT STRENGTHENS SYSTEM.

"I can not get the thought that the agent sent out by the 12 land banks would result in any lessening of the security of the Federal farm loan bond. Under the agency system as provided for in the bill there would still be 5 per cent put up. The new borrowers under the agent in each Federal farm loan district would become a new class, practically on the same basis as if they all belonged to a great big farm-loan association. The idea that the Federal land bank has got to fail in order to make that available is to my mind a legal absurdity.

"The Federal land bank can resort to the stock when by reason of conditions it is needed to save itself from failure. But, after all, under a system that is organized as ours is, with only 50 per cent of the selling value of the farm and 20 per cent of its permanent insured improvements, such a resort to the stock is unlikely. On that basis we have gone through a war; we have gone through an era of drought and crop failures; we have gone through the wildest era of farm-land speculation which I have ever seen, and never yet has that demand on the ultimate borrower to sacrifice his 5 per cent been invoked so far as I know.

"Furthermore, through the agency system you would avoid the very thing that takes place in many places where a whole lot of dividends are soaked up in the local expenses of the association. In many associations we avoid that. On the whole, I think the agency system would operate more economically."

Mr. Quick also approved of the organization of a central bond-selling agency in the Federal farm-loan system.

AMERICAN FARM BUREAU FEDERATION,
Washington, D. C., February 1, 1923.

DEAR MR. CONGRESSMAN: The Norbeck-Strong bill, H. R. 14041, just reported out of the Banking and Currency Committee of the House, is in many ways an admirable bill and will be very helpful in a freer functioning of the Federal farm-loan system. However, the limitation of loans to $16,000, with certain provisions by which loans may be made above that to $25,000, is a mistake in both theory and practice.

The Federal farm loan act was passed to remedy the evils existing through the control of farm loans by farm-mortgage companies, which in most sections were imposing high rates and excessive commissions. On loans up to $10,000 the Federal farm loan act has cured these evils. On loans exceeding $10,000 the Federal farm loan act has not remedied the situation.

While it may be contended that the joint-stock land banks take care of this situation, this is not true; for the joint-stock land banks do not and will not operate in many ranching sections of the country, and in the best agricultural sections where they do operate the net cost to the farmer approximates 1 per cent more than if the loan were taken through the Federal farm-loan associations. The farmer is entitled to save this $250 per year on a $25,000 loan, ordinarily equivalent to the annual taxes on the land pledged.

From another standpoint this increase is justified inasmuch as the farmer is entitled to a universal system of agricultural finance through the Federal farm-loan system just as much as is commerce and business through the Federal reserve system. Every farmer operating his own farm is entitled to the benefits of the farm loan act. The system is adapted to long-term agricultural finance for all farmers. There is no reason why any farmer should be denied admission to the cooperative system.

The thought and argument that the little borrower is being protected by writing in a maximum loan is wrong, for the increase of the loan above $10,000 will be beneficial to the small as well as to the large farmer. The overhead cost of writing a loan of $25,000 is not more than the placing of a loan of $500. The profits of these larger loans will be reflected in higher dividends and the consequent lowering of rates for all farmers. While it has been contended by some that increasing the limit to $25,000 will make an increased demand for credit which will react against the small farmer, it is not true, because it must be borne in mind that these larger loans are being made and will continue to be made. They draw on the same pool of financial credit seeking safe long-term investments that the small loans draw on through the Federal farm loan system; and if these large loans are not within the system they are competitive buyers of this credit, and by this competitive bidding force the paying of high prices both within and without the system when both should be secured in a cooperative way.

It is unjust to discriminate against the farmers' cooperative system, the Federal land banks, in favor of the privately owned system, the joint stock land banks, or to force the farmer seeking a large loan to be exposed to the tender mercies of the old farm mortgage system.

If the little farmer and the big farmer are to be well served, this farm loan system must be recognized as the Government instrumentality for securing long-time investment capital for agriculture, and all borrowers, large or small, desiring this kind of money should be encouraged to borrow through the Federal farm loan system.

There is no scarcity of money for these purposes. Secretary Mellon, Governor Harding, Governor Strong, and other outstanding men in the financial world have all testified that it is only a question of proper credit instrumentalities and not a lack of money that makes for the farmers' difficulties. Every national farm organization has by resolution and by witnesses requested that the straight loan be not less than $25,000.

The increase of the loan limit will not add to the volume of tax-exempt securities, for the business otherwise will be written by joint-stock land banks enjoying tax-exempt bonds or by other institutions, such as mutual insurance companies, charitable and eleemosynary institutions, and others, whose securities are not subject to taxation and which should be buyers of the regularly issued bonds of the farm-loan system. The increase of the loan limit of the Federal land banks to the maximum enjoyed by the joint-stock land banks will benefit all farmers, large and small.

I wish to call to your attention, as well as to the attention of every other Member of Congress, that if the farmer is to be adequately financed and on the most economical basis, the $16,000 maximum loan now in the bill must be removed. With that remaining in the bill it will fail to serve as it should serve, and will not only continue to expose those desiring larger loans to the unconscionable commission and brokerage charges of the old-time farm-loan mortgage banker but will also result in weakening the farm-loan system itself and not allow it to develop and function with as low a rate of interest to the farmer as it might otherwise secure.

Yours very truly,

AMERICAN FARM BUREAU FEDERATION.
GRAY SILVER,
Washington Representative.

RAISE LOAN LIMIT TO $25,000.

In a strong appeal to raise the limit for Federal farm loans from $10,000 to $25,000 and not $16,000, Gray Silver, Washington representative of the American Farm Bureau Federation, addresses the following letter to every Senator and Congressman:

"The Norbeck-Strong Bill, H. R. 14041, just reported out of the Banking and Currency Committee of the House, is in many ways an admirable bill and will be very helpful in a freer functioning of the Federal farm-loan system. However, the limitation of loans to $16,000 with certain provisions by which loans may be made above that to $25,000 is a mistake in both theory and practice.

"The Federal farm loan act was passed to remedy the evils existing through the control of farm loans by farm-mortgage companies, which in most sections were imposing high rates and excessive commissions. On loans up to $10,000 the Federal farm loan act has cured these evils. On loans exceeding $10,000 the Federal farm loan act has not remedied the situation.

JOINT-STOCK BANKS LIMITED.

"While it may be contended that the joint-stock land banks take care of this situation, this is not true, for the joint-stock land banks do not and will not operate in many ranching sections of the country, and in the best agricultural sections where they do operate the net cost to the farmer approximates 1 per cent more than if the loan were taken through the Federal farm loan associations. The farmer is entitled to have this $250 per year on a $25,000 loan, ordinarily equivalent to the annual taxes on the land pledged.

"From another standpoint this increase is justified inasmuch as the farmer is entitled to a universal system of agricultural finance through the Federal farm-loan system just as much as is commerce and business through the Federal reserve system. Every farmer operating his own farm is entitled to the benefits of the farm loan act. The system is adapted to long-term agricultural finance for all farmers. There is no reason why any farmer should be denied admission to the cooperative system.

FAIR TO ALL.

"The thought and argument that the little borrower is being protected by writing in a maximum loan is wrong, for the increase of the loan above $10,000 will be beneficial to the small as well as to the large farmer. The overhead cost of writing a loan of $25,000 is not more than the placing of a loan of $500. The profits of these larger loans will be reflected in higher dividends and the consequent lowering of rates for all farmers. While it has been contended by some that increasing the limit to $25,000 will make an increased demand for credit which will react against the small farmer, it is not true, because it must be borne in mind that these larger loans are being made and will continue to be made. They draw on the same pool of financial credit seeking safe long-term investments that the small loans draw on through the Federal farm-loan system; and if these large loans are not within the system they are competitive buyers of this credit and by this competitive bidding force the paying of high prices both within and without the system, when both should be secured in a cooperative way.

"It is unjust to discriminate against the farmers' cooperative system, the Federal land banks, in favor of the privately owned system, the joint-stock land banks, or to force the farmer seeking a large loan to be exposed to the tender mercies of the old farm-mortgage system.

"If the little farmer and the big farmer are to be well served, this farm-loan system must be recognized as the Government instrumentality for securing long-time investment capital for agriculture, and all borrowers, large or small, desiring this kind of money should be encouraged to borrow through the Federal farm-loan system.

"There is no scarcity of money for these purposes. Secretary Mellon, Governor Harding, Governor Strong, and other outstanding men in the financial world have all testified that it is only a question of proper credit instrumentalities and not a lack of money that makes for the farmers' difficulties. Every national farm organization has by resolution and by witnesses requested that the straight loan be not less than $25,000.

"The increase of the loan limit will not add to the volume of tax-exempt securities, for the business otherwise will be written by joint-stock land banks enjoying tax-exempt bonds or by other institutions, such as mutual insurance companies, charitable and eleemosynary institutions, and others, whose securities are not subject to taxation, and which should be buyers of the regularly issued bonds of the farm-loan system. The increase of the loan limit of the Federal land banks to the maximum enjoyed by the joint-stock land banks will benefit all farmers, large and small.

"I wish to call to your attention as well as to the attention of every other Member of Congress that if the farmer is to be adequately financed, and on the most economical basis, the $16,000 maximum loan now in the bill must be removed. With that remaining in the bill it will fail to serve as it should serve and will not only continue to expose those desiring larger loans to the unconscionable commission and brokerage charges of the old-time farm-loan mortgage banker, but will also result in weakening the farm-loan system itself and not allow it to develop and function with as low a rate of interest to the farmer as it might otherwise secure."

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FARM BUREAU ARGUES TO REMOVE $10,000 LIMIT.

Gray Silver, Washington representative of the American Farm Bureau Federation urged the House Banking and Currency Committee to report out the Norbeck-Strong bill, which provides for an increase in the amount of money which may be loaned to individuals by the cooperative farm-loan associations. Mr. Silver stated that the time for renewing mortgage obligations is not far off and that a failure to report the bill will necessitate the renewal of mortgages at high rates and probably the payments of commissions. Answering the claim made by some members of the committee that the Federal farm-loan system was created to help the "small" farmer or to assist the landless man to secure a small farm, Mr. Silver declared there were two schools of thought on this subject, and that the present limitation of $10,000 was a compromise when the bill was originally passed.

One school of thought claims that the farmer is a yokel and has an unhappy lot; that he must live in his misery because he has chosen farming as his business. The other school of thought maintains that the farmer is a business man; that agriculture is a calling and that farmers wish to raise their family on the farm and continue in the farming business. That is what the American Farm Bureau Federation has in mind when it requests that the loan limit of $10,000 be removed and that the limit of the loan should be determined by the size and quality of collateral offered.

Mr. Silver maintained that the economic farm unit used to be 160 acres, but with the changing conditions this unit now varies widely in different parts of the country. "There are hundreds of thousands of farms in the United States which are valued at more than $20,000. Among the States which have large numbers of such farms are California, with 23,000; Idaho, 10,000; Indiana, 27,000; Illinois, 141,000; Iowa, 152,000; Kansas, 53,000; Kentucky, 10,000; Minnesota, 58,000; Missouri, 25,000; Nebraska, 41,000; New York, 10,000; North Carolina, 22,000; North Dakota, 24,000; South Dakota, 44,000; Texas, 23,000; Washington, 12,000; Wisconsin, 30,000. Every State in the Nation has a large number of farmers operating units valued at more than $20,000.

"The removal of the loan limit would put the cooperative farm land banks on the same working basis as the joint-stock land banks, thus giving them the chance to function on an equality. This should be done so that the farmers who wish to obtain their money cheaply through the cooperatives may do so.

"It will require no more money to finance agriculture through this system than through any other, and therefore it is only a question of whether Congress will see fit to make it possible for the Federal farm-loan system to function the way in which the farmers believe it should. It is not financing agricultural production when you limit loans to $10,000.

"Unless agriculture is financed through this system it will continue to have to refloat its mortgage indebtedness every three to five years, pay high interest rates and commission. It does not help anybody to limit the size of loan made by the cooperative farm-loan associations."

NEW PROVISIONS UP.

Mr. Silver also approved of the other provisions of the bill which make it possible for the 12 farm-loan banks to appoint agents who can make loans under the same provisions as the local cooperatives. When 10 of these loans have been made in a locality the individuals may join in forming a cooperative farm-loan association. It also provides for the lending of money to farmers to pay off debts which do not represent money owed on farm land. It also authorizes the appointment of boards of directors of the 12 farm land banks which will consist of three members elected by the local cooperative associations, three by the National Farm Loan Board, and the seventh by the other six members.

The CHAIRMAN. The time of the gentleman from Ohio has expired; all time has expired; and the Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That the eighth paragraph of section 3 of the act of Congress approved July 17, 1916, known as the Federal farm loan act, be amended to read as follows:

"The salaries and expenses of the Federal Farm Loan Board and farm-loan registrars and examiners authorized under this section shall, after June 30, 1923, be paid by the Federal and joint-stock land banks in proportion to their gross assets, as follows:

"The Farm Loan Board shall, prior to June 30, 1923, and each six months thereafter, estimate the expenses and salaries of the Federal Farm Loan Board, its officers and employees, farm-loan registrars, deputy registrars, the examiners and reviewing appraisers, and apportion the same amongst the Federal and joint-stock land banks in proportion to their gross assets at the time of such apportionment and make an assessment upon each of such banks pursuant to such apportionment, payable on the 1st of July or January next ensuing. The funds collected pursuant to such assessments shall be deposited with the Treasurer of the United States to be disbursed in payment of such salaries and expenses on appropriations duly made by Congress for such purpose.

"If any deficiency shall occur in such fund during the half-year period for which it was estimated, the Farm Loan Board shall have authority to make immediate assessment covering such deficiency against the Federal and joint-stock land banks upon the same basis as the original assessment. If at the end of the six months' period there shall remain a surplus in such fund, it shall be deducted from the estimated expenses of the next ensuing six months' period when assessment is made for such period. Land bank appraisers shall receive such compensation as the Federal Farm Loan Board shall fix and shall be paid by the Federal land banks and the joint-stock land banks which they serve in such proportion and in such manner as the Federal Farm Loan Board shall order."

Mr. TOWNER. Mr. Chairman, I move to strike out the last word. I ask unanimous consent to proceed for 10 minutes and extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent to proceed for 10 minutes and extend his remarks in the RECORD. Is there objection?

Mr. McFADDEN. Mr. Chairman, I do not want to object to this, but the time is quite late and we are anxious to finish this bill this afternoon, and I hope gentlemen will bear in mind that I will be forced to take some action to close debate on different sections in order to get through to-night.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. STEAGALL. Just a moment. I hope the gentleman will not insist on finishing to-night. It is now 25 minutes after 4 o'clock.

Mr. McFADDEN. I will say to the gentleman this is legislation, I believe, men are interested in, and it is now getting toward the close of the session——

Mr. BEGG. Mr. Chairman, I make the point of order there is no quorum present. This is a big proposition, and I think we ought to have the fellows here. It is Saturday night and——

The CHAIRMAN. The gentleman from Ohio makes the point of order there is no quorum present. The Chair will count. [After counting.] One hundred and fourteen gentlemen are present, a quorum.

Mr. TOWNER. Mr. Chairman, about a year ago I introduced a bill to increase the limit of farm loans from $10,000 to $25,000. I would have been glad indeed if that could have been considered alone on its merits. However, there has grown up, as was inevitable, conditions in the administration of the Federal farm loan act that in the judgment of the board should be remedied. This bill is the result of the consideration of these separate propositions. I want to ask the gentlemen of the committee to remember that the recommendations of the Federal Farm Loan Board are entitled to respectful consideration.

The Farm Loan Board has administered the act with most admirable discretion and care. It has been successful; it has acomplished great work. I think we should hesitate about condemning unreservedly, as some gentlemen do, the recommendations of the board. I wish further to say I think that gentlemen who have not given this subject particular attention and

study and perhaps are not particularly interested in the matter ought not to object to the action of the Committee on Banking and Currency, which has given this legislation a most careful consideration. They have heard people both for and against the legislation who were entirely qualified to enlighten the committee. They have considered very carefully the objections that have been made against this bill. I presume there is no objection that has been urged here but was considered by the committee. It seems to me that gentlemen who are now condemning so unqualifiedly the provisions of this bill should remember that those who have given this legislation careful consideration have given it their unqualified approval.

I want briefly to call attention to some of these provisions that have been so seriously contested. Of course, no gentleman here has been heard to complain of the first provision of the bill. If these land banks can carry the entire expense without calling upon the Government for a single dollar, certainly no one should object to that. But gentlemen declare they are against certain other provisions of the bill. In a sense and to a considerable degree these various provisions are separable and stand upon their own merits. Gentlemen, I think, should hestitate to condemn the whole bill because they do not approve some particuar section of it.

I want to call attention to section 2, which provides for the selection of the directors of the farm-loan banks, which has been very seriously criticized. No good reason for such criticism has been stated. The change recommended by the Farm Loan Board has been caused by no effort on their part to obtain greater power for the land banks than they now have, but it has been because of the fact that under the composition and arrangement as it now exists there has been a sad lack of efficiency and interest taken by the various associations of borrowers, which they hope may be cured by this new recommendation. It seems to me the recommendation is justifiable. The change suggested appears materially better, and, as long as the proposed arrangement leaves with the association members the right of control of the board of directors, there ought not to be any serious objection with regard to that provision.

I want now to call attention to the storm center of objection to this legislation, and that is the provision that has been made by which agents can be appointed and individual borrowers can present their applications for consideration to the Federal land banks. It occurs to me, gentlemen, that there must have been, in the minds of most of those who have spoken, serious misapprehension regarding the terms of this provision. Let me call your attention to them on page 10, at the beginning of Section 15.

When are these agents to be appointed? Not under all circumstances; not under any circumstances, except those that are provided here:

SEC. 15. That whenever it shall appear to the Federal Farm Loan Board that national farm-loan associations have not been formed.

Now ought we, I ask it in all seriousness, to prevent a man who desires to take advantage of the terms, the rate of interest, and the provisions for amortization that are carried in these Federal farm loans to be prevented from securing them unless he can associate with himself 10 men for that purpose? When thus presented he ought to have a chance to submit his individual application and have it acted upon. It seems to me that is a reasonable proposition. And besides this the provision reads, "or the local farm-loan association fails, neglects, or refuses to serve properly the needs of its territory in any locality."

Perhaps there will not be many cases of that character. But we know that there are such cases, and in such cases where the local association forms itself into a close corporation and refuses to accept applications from anyone outside, certainly there ought to be some method provided by which these applications can be made and considered by the Federal land banks.

Mr. BOWLING. Mr. Chairman, will the gentleman yield for a short question?

Mr. TOWNER. I beg the gentleman's pardon. I can not yield to him because then I shall have to yield to somebody else.

The CHAIRMAN. The gentleman declines to yield.

Mr. TOWNER. There can be no objection, it seems to me, that when these associations do not serve the borrowing public, those subject to these conditions and circumstances should have the advantage of the Federal farm loan proposition. I see no reason why that should not be granted. I have heard all, I think, of the very strenuous objections that have been urged to this proposed change, and I really can not see that there is any real ground for those objections.

It does not mean the destruction of these associations already formed. It does not prevent the organization of new associations that may be formed. Gentlemen seem to think that this means the destruction of those already in existence, and seem to think that there will be no more associations formed. I see no reason to believe that; I see no reason to believe that the fulfillment of their prediction will necessarily follow. We ought to consider this as a practical proposition. It is so. The Farm Loan Board does not desire to destroy this system. They have no interest to do so. They want it to hold its place in the affections of the people of the country. They want it to continue to serve the admirable purpose that called it into existence, and which has so fully justified its being called into existence. They do not believe that any of these destructive consequences will follow, and I believe we are abundantly justified in joining with them in the belief that they will not follow.

Now, I want to pay attention in the remainder of my time to the consideration of the extension of the limit of these farm loans. Gentlemen say that this was a proposition originally created for the benefit of the small farmer, for the poor farmer. It is still so. This does not change the situation. In fact, the language of the act itself says that preference shall be given to the smaller loans, to the poorer farmers. But is that any reason why those having farms of larger size and value should be deprived of the lower rate of interest, of the better terms, and especially of the amortization feature which is vital to these loans?

In Iowa the average farm is 160 acres. The average value of farm lands in Iowa is over $200 per acre. This makes the average value of farms $32,000. A loan of $10,000, the present limit, is less than one-third the value of our average farm. The census gives the average value of farms in Iowa as $38,941. A loan of $10,000 is little more than one-fourth this valuation. The census valuation of farms in South Dakota is $37,000, in Nebraska it is $33,000. A loan of $10,000 on these farms and, indeed, on any average farm in the Middle West is inadequate.

Gentlemen seem to think that the proposition is to make initial loans on these farms, and large loans should not be encouraged. That is not the case. The loans in most cases are there already. They are in many cases 40 or 50 per cent of the value. They are in many cases carrying 7 per cent interest, and in many cases a commission of 1 per cent is charged for each renewal. To give these farmers the present system will mean a reduction of the interest rate to 5 per cent. A still greater benefit is the amortization feature, by which, with a small addition to the interest charges, the loan and mortgage will be extinguished at the expiration of the loan period. This system also relieves the borrower from making frequent renewals, with additional charges each time. The privilege is also given to pay larger payments, or to pay off the loan entirely at any interest pay day.

Gentlemen also seem to think that if the average farm value is $32,000, an increase to $16,000, or 50 per cent of that amount, will be sufficient increase. It should be remembered that if $32,000 is the average, that there is as much above $32,000 as there is below that amount, and that it certainly is from a productive standpoint as important to help the large producer as it is the small producer.

The full development of the Federal farm-loan system requires an extension of the limit to $25,000. That will help large and small alike. The chief benefit of the system will be found ultimately in the method used and the help and hope held out to all the farmers that they can under its provisions work out of burden of mortgage indebtedness and be able to carry a surplus to more comfort, more independence, and a full share of the full joy in life, which should be America's boon to her children.

Mr. WINGO. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. The gentleman from Arkansas asks unanimous consent to proceed for 10 minutes. Is there objection?

There was no objection.

Mr. WINGO. Mr. Chairman, the Federal farm-loan system has been of incalculable benefit to the American farmer, in spite of the handicaps under which it was established and through which it has struggled since its establishment. It had not only the unstable conditions produced by the war to contend with, but it had the long fight through the courts on the constitutionality of the act, which held up for over 12 months its functioning as a system.

At the time that we enacted the Federal farm loan act there were a great many communities in the United States, especially in the South and West, where farmers who wished loans of

less than $10,000, notwithstanding the fact that their credit which they wished to market was a sound and safe credit, had absolutely no market for that credit upon terms that were reasonable and under which they could exist and thrive as farmers. The interest charge ranged all the way from 8 to 17 per cent upon those small loans in the territory to which I have referred. But since we established this system and it has commenced to work, in spite of the handicaps to which I have referred, it has gone forward and has served a large number of the American farmers. But the benefits that have flowed from that act have not been confined alone to those who got loans under the system. I talked to-day to one Member of Congress who before the Federal farm loan act commenced operating in his State *got a loan* on his farm, and by reason of the choice character of his farm and of his financial standing he was able to get it at what was regarded as a low rate of interest, namely, 8 per cent. He got it from a well-known insurance company that was making farm loans in the Southwest.

His neighbors were paying 10 per cent on small loans, and in addition to that were paying unconscionable commissions to agents. A few days ago that man was able to get a loan from the same company on the same farm at 5 per cent, paying the local agent a flat 1 per cent commission in the beginning for getting the loan. So that gentleman, notwithstanding the fact that he had not gotten into the system and is not eligible for a loan under it, yet has gotten the benefit of the farm loan law.

Gentlemen, I could cite case after case and farmer after farmer who have been benefited in that regard.

But, gentlemen, in spite of what may have been the ideas that we had when we established the system, we find that in some localities, by reason of certain defects in the administrative machinery, there are some men who are not getting the benefit of the farm loan law, and they are the ones for whom the act was originally enacted. I think members of the committee will bear me out in the statement that during the long consideration of this bill and of other bills of a similar character there has been one controlling thing that has stood outstanding in every fight and contention I made, and that was that the Federal land bank, as distinguished from the joint-stock land bank, was a cooperative loan system which we *sought to give to* the American farmer, and that every effort should be made and every opportunity be given to the American farmer to make a success of that cooperative movement. Now, we find that in some communities they were unable to organize a local loan association. Of course, under the system the banks can use a direct agent and make direct loans now. We found in other communities in some instances after the requisite number of farmers had gotten together and procured their loans and organized the local association, they deliberately refused to let any of their neighbors come in and join the association, for different reasons. Some were that the little original group had gotten together, they had gotten their loans, they were satisfied, they had no further interest, and they did not care to bring in their neighbors because of the double stock liability which they have to the local association by reason of the law.

We found in other cases that members of a church got together and organized a local association, and they would not permit anybody who belonged to any other church or had any other religion to come in. Of course, that condition called for relief.

What was the next thing that was directed to my attention that called for relief? During the long struggle that we had had to preserve the system, because of the exigencies of the war and the suits pending in the Supreme Court, Congress was compelled to make provision for the Treasury of the United States to purchase a certain amount of these bonds, and in order to get the Treasury officials and Members of Congress themselves in sufficient numbers to agree to that proposal, which was denounced by many upon this floor, those of us who were fighting for that relief had to agree to a provision that so long as the Treasury held any of these bonds the temporary organization should continue. I am one of those who have been extremely anxious to bring around the day when the stockholders of the system should, under a permanent organization, have charge of their own banks. So when we came to the consideration of the bill that was originally proposed we were faced with a reorganization scheme that met with the approval of but very few members of the committee. Candidly I stated then, as I have repeated since, that the original bill was so obnoxious to me in practically every material feature that I could not support it at all. But I did not care to be in the attitude of being a mere obstructionist, sitting down and objecting to what the other man proposed, but as a friend of the system, as one who was anxious to bring about a permanent organization, as one who was anxious to see that every farmer whose loan was eligible should receive the benefit of the act, I felt that it was my duty to take a constructive course and to say to the gentleman from Kansas [Mr. STRONG] and those who favored the original bill: "While I can not approve of your bill, I am willing to join with you in rewriting it to meet the objectionable features, if we can get together on it." What was the proposition?

If we had killed that bill, if we kill this bill to-day, gentlemen, there can be no permanent organization, and the stockholders will not be permitted even to elect three directors, much less four, as provided by this bill; but the present Secretary of the Treasury says, and he is right about it under the law, that unless Congress changes the law and tells him to the contrary he will hold some of those bonds so that the Federal Farm Loan Board can control these banks under the temporary organization. So if you get any relief to enable the local associations to set up a permanent organization and elect directors and handle their own banks you have got to pass some kind of a law. So I have stated that with the innumerable changes that might be made, with the great many objections that I have, if there is another change on which I have assurance of enough gentlemen to absolutely do what I had in mind, I then shall feel impelled to vote for the bill, in spite of the objectionable features, on the theory that the good will outweigh the bad.

Now, let us see. The original bill was sent out to the local associations of the United States. Naturally a great many voiced the same indignation and the same objections that other members of the committee offered to the original bill. I think some gentlemen on both sides of the aisle who have received these protests will recall this, that there is a strong probability that the associations and farmers who have sent the protests here are opposing it on the original bill, which is not now before the House, but which the committee discarded and rewrote in the subcommittee and then rewrote it in the full committee.

Now, take up the question of permanent organization. The original Strong bill provided for the control by the Farm Loan Board of the majority of the directors.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WINGO. I would like five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. WINGO. The board would control two-thirds of the directors. I did not think that was fair; it was contrary to the original spirit; it failed to protect the law under which men had subscribed to the stock and got their loans. So we worked out a compromise proposition.

I confess, gentlemen, that I would write a different one, but that is the best we could get and get anything. What is that compromise proposition? It is that the local associations shall elect three directors, the Farm Loan Board shall elect three, and then the seventh director shall be selected by whom? It is true he shall be selected by the board, but the board is compelled to take a man that has been nominated by the local farm-loan associations. How? By compelling them to take one of the three who have received the highest vote on nomination by the associations. Can you conceive any other method by which you could break that deadlock? We proposed different schemes, we talked about different ones, and I myself would have preferred a different proposition, but this is the best proposition that we could get.

It means if this bill should become a law that the local associations throughout the United States can get out from under the present temporary organization where the directors are elected entirely by the Farm Loan Board and will have the right to elect three directors and nominate a man selected for the fourth and thereby give them the balance of power. I think we had better take that provision in the bill as the best we can get.

Here is the next proposition. I objected to the original bill because I felt that the inevitable operations would result in compulsory liquidation of the associations and have the loans made directly by direct agents without responsibility. So the committee set about trying to adopt an amendment that would protect the independence of the local associations. So we adopted a provision, now in the bill, which provides for direct loans when under the existing law they can make direct loans. Where there is a local association we provide that they shall not make direct loans, or where the farmers could get together and organize a cooperative association, unless the board found that the local association had failed, neglected, or refused to function and take care of their neighbors. Gentle-

men, does not that protect the local association? I know of farmers who have been refused admission to local associations because their neighbors shut them out. Do you think the farmers ought to be denied the benefits of this act? I do not think they should, and where an association refuses to function do you not think that we ought to take care of the fellow that is shut out?

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. WINGO. I ask for three minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close at the close of the remarks of the gentleman from Arkansas.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that at the close of the three minutes granted to the gentleman from Arkansas all debate shall close on this section and amendments thereto. Is there objection?

Mr. RAKER. Reserving the right to object, there are only a few who have made remarks during the 30 minutes, and they have been members of the committee. I would like five minutes myself.

Mr. MONDELL. The gentleman can talk on the next section.

Mr. RAKER. But when we come to the next one the Chairman will recognize some member of the committee.

Mr. WINGO. Oh, the gentleman is not fair. We recognize men outside of the committee.

Mr. McFADDEN. We are trying to get through with this bill to-night.

Mr. BEGG. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from Ohio objects. Is there objection to the request of the gentleman from Arkansas that he be permitted to proceed for three minutes?

There was no objection.

Mr. WINGO. In addition to that, Mr. Chairman, what do we do? Those of us who are trying to protect the independence of the local associations not only forced that amendment, but over on page 11, if gentlemen will turn to it, they will find another provision in the last paragraph on that page which simply says that as the Farm Loan Board has put a direct agent in the territory of a local association because it has failed, neglected, or refused to serve, if, afterwards that association, after it has gotten notice of that fact, will get together and adopt a resolution expressing their willingness to function and take care of their neighbors, then the Federal farm-loan bank shall be prohibited from making any more loans in that territory through the direct agent. Do not those two provisions protect as nearly as you can the independence of the local association? Not only that, but we forced another provision at the bottom of page 10, wherein we put a further burden upon the man who borrows through a direct loan. We withhold his dividends to set up a reserve to meet delinquent payments, and we provide a double stock liability upon the man who borrows independently through a direct agent that is comparable and equal to the double liability of a man who borrows through the local association. If you are not satisfied with that, when we reach those provisions, as one who is anxious to protect the local association, as one who is fighting for the cooperative association, then if you have another suggestion in the form of an amendment that will make it better, I am willing to join and help to improve the bill, but as one trying to preserve these local associations when they are tied up as they are now under the present statute, I am not willing to sit down and object to everything that is offered and not try to do something that will relieve the situation.

Mr. McFADDEN. Mr. Chairman, I move that all debate upon this section and all amendments thereto do now close.

Mr. ANDERSON. Mr. Chairman, I move as an amendment to that that all debate upon the section and all amendments thereto close in 10 minutes.

The CHAIRMAN. The question is on the amendment of the gentleman from Minnesota to the motion of the gentleman from Pennsylvania.

The amendment was agreed to.

The CHAIRMAN. The question now is on the motion of the gentleman from Pennsylvania, as amended.

The motion was agreed to.

Mr. ANDERSON. Mr. Chairman, on the 15th of October, 1921, the Joint Commission of Agricultural Inquiry made a report upon the general subject of credits, with special reference to agricultural credits. As a part of that report it recommended the passage of a bill dealing with intermediate farm credits for production and marketing purposes. Subsequently the Senator from Wisconsin [Mr. LENROOT] and myself, in January, 1921, introduced a bill carrying out the commission's recommendations. Immediately thereafter the agricultural conference, called by the President and the Secretary of Agriculture, recommended the passage of a bill for intermediate farm credits substantially in the form proposed by Senator LENROOT and myself.

Last summer the chairman of the Committee on Banking and Currency, to which committee the bill was referred, granted me a hearing on the bill, which lasted for two days. Nothing, however, resulted from that hearing. Later on, at the beginning of the extra session, the President of the United States recommended to Congress the adoption of legislation providing for intermediate farm credits.

Hearings were had by the Senate committee. The bill was approved by the Secretary of Agriculture and the Secretary of Commerce. It passed the Senate by a unanimous vote. It came to the House Committee on Banking and Currency about the 1st of February. No action has been had upon it. I rise at this time simply to challenge the attention of this House, and especially the Members on the Republican side of the House, to the fact that intermediate credit legislation, which has the administration behind it, which has been unanimously passed by the Senate, is likely to fail because apparently the Committee on Banking and Currency is unwilling to consider it. It seems to have disappeared in a fog, out of which it is impossible to extricate it. We are now within two weeks of the end of this session. The administration and those who speak for it have promised the farmers of this country that before the end of this session there would be legislation on intermediate farm credits.

Mr. LONDON. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON. Not yet. I think that the country ought to know and that this House ought to know where the responsibility for failure to pass farm legislation lies, if farm legislation is not passed. I do not criticize the members of the Committee on Banking and Currency on the Democratic side of the House; they do not have responsibility. I am informed that they are quite willing to cooperate. I challenge the members of that committee on the Republican side of the House, who are responsible for carrying out the program of the administration which is in power, to the fact that unless immediate action is taken, unless this bill can be brought out on the floor and considered, there will be no fulfillment of the promise which we have made to the farmers of America and to the American people with reference to intermediate farm credits at this session of Congress. That is all I have to say.

Mr. CRAMTON. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON. Yes.

Mr. CRAMTON. I simply want to say to the gentleman that there are many Members of the House who join with the gentleman from Minnesota in this feeling that he has expressed, and that the matter of farm credits is of sufficient importance to justify its consideration by this House. I think it will be a distinct disappointment to many on this side if the Committee on Banking and Currency fails to send out those important measures and give opportunity for the House to consider them.

Mr. ANDERSON. Of course, it might be said that the committee was waiting for the Senate to act, but it was not necessary for it to do that. This bill has been before the committee for more than a year and there has been ample opportunity during that period for the committee to give any consideration to the bill which it thought necessary, but it did not seem to be disposed to take action on it for some reason or other. I do not know what the reason is, but it seems to me that we who have the responsibility for the carrying out of the Republican program in this Congress should find some way by which some legislation fulfilling the promise which the President of the United States has made to the American people and the American farmer can be carried out.

Mr. MOORE of Virginia. Will the gentleman yield?

Mr. ANDERSON. I will yield to the gentleman.

Mr. MOORE of Virginia. I am in full sympathy with the gentleman, and I desire to ask him when was the Senate bill referred to this committee and what action it has taken since?

Mr. ANDERSON. It was referred on the 1st of February, perhaps on the 3d, and no action has been taken as far as I am aware.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MONDELL. Mr. Chairman, the gentleman from Minnesota [Mr. ANDERSON] expressed great interest in the farm credit bills before the Banking and Currency Committee. I am as much interested in those measures as he can possibly be, and I am as anxious that the House shall have an opportunity to

pass on the question of farm credits at this session as he can be. It is a most unfortunate thing that in another body that undertook the task of working out the question of farm credits gentlemen were not able to agree among themselves and present to us in one measure a bill that would care and provide for those important interests. I am not disposed to be captious in criticism, and I suppose under the rules it is not proper for me to criticize at all, but I do believe that had this House assumed the initial responsibility for that work the question of farm credits would have been disposed of in one measure. [Applause.] And that would have been sent to the Senate——

Mr. CRAMTON. Will the gentleman yield?

Mr. MONDELL. I have only five minutes. If I had a little more time I would be glad to yield to the gentleman.

Mr. CRAMTON. For a brief question?

Mr. MONDELL. We would not, in my opinion, have passed two bills covering largely the same ground treating to a very considerable extent the same subject through different methods. But let me suggest to gentlemen the Committee on Banking and Currency is at work and is working diligently on those measures, and I have every confidence that in due time they will report. I think that committee is entitled to time to give fair consideration to those measures, and I am sure they will work diligently on the bills and that report will be made to the House. In the meantime our duty is to pass on the bill now before us. That is a measure which the Committee on Banking and Currency has had before it for a long time, long before either of the Senate bills came to the committee. The committee has presented it as their perfected work, touching the land banks and the land-bank system. When we established the land-bank system we did an unusual thing. We gave those organizing what are known as joint-stock banks the privilege of issuing securities the income from which is free from income taxes.

The CHAIRMAN. The time of the gentleman has expired; all time has expired.

Mr. MONDELL. Mr. Chairman, I ask unanimous consent that I may proceed for two minutes.

The CHAIRMAN. The gentleman from Wyoming asks unanimous consent to proceed for two minutes. Is there objection?

Mr. ANDERSON. Mr. Chairman, in view of the gentleman's opposition a few moments ago I think I shall have to object.

The CHAIRMAN. The gentleman from Minnesota objects; all time has expired, and the Clerk will read.

The Clerk read as follows:

SEC. 2. That the seventh subdivision of section 4 of said act be amended to read as follows:

"Seventh. To exercise, by its board of directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business herein described.

"After the subscriptions to stock in any Federal land bank by national farm-loan associations, hereinafter authorized, shall have reached the sum of $100,000 the officers and directors of said land bank shall be chosen as herein provided and shall, upon becoming duly qualified, take over the management of said land bank from the temporary officers selected under this section.

"The board of directors of every Federal land bank shall be selected as hereinafter specified and shall consist of seven members. Three of said directors shall be known as local directors and shall be chosen by and be representative of national farm-loan associations and borrowers through agencies; three shall be known as district directors and shall be appointed by the Federal Farm Loan Board and represent the public interest. The term of office of local and district directors shall be three years.

"Within 30 days from the approval of this act and thereafter, at least two months before each election, the Federal Farm Loan Board shall divide each land-bank district into three divisions, as nearly equal as possible according to number of borrowers and the voting strength of national farm-loan associations and borrowers through agencies, and the farm-loan commissioner shall thereupon notify each association and agency in writing that an election is to be held for one local director from each of said divisions and requesting each association and agency to nominate one candidate for each division. Within 10 days of receipt of such notice each national farm-loan association and borrower through agencies shall forward nominations of residents of their respective divisions for one director for such division to said farm-loan commissioner. The farm-loan commissioner shall then prepare a list of candidates for local directors, consisting of the 10 persons receiving the highest number of votes from national farm-loan associations and borrowers through agencies for each division.

"At least one month before said election the farm-loan commissioner shall mail to each national farm-loan association and to each borrower through agencies the list of candidates for their respective divisions. The directors of each national farm-loan association shall cast the vote of said association for one of the candidates on said list and shall forward said vote to the said farm-loan commissioner within 10 days after said list of candidates is received. In voting under this section each association shall be entitled to cast a number of votes equal to the total voting strength of the stockholders in association meetings, and each borrower through agencies shall be entitled to cast one vote for each share of stock held by him in the Federal land bank not exceeding 20 shares, and shall forward said vote to the said farm-loan commission within 10 days after said list of candidates is received. The candidate receiving the highest number of votes in his division shall be declared elected as local director of the Federal land bank district from his division. In case of a tie, the farm-loan commissioner shall determine the choice. The nominations from which the list of candidates is prepared, and the votes of the respective associations and borrowers through agencies for such candidates, as counted, shall be tabulated and preserved, subject to examination by any candidate, for at least one year after the result of the election is announced.

"The Federal Farm Loan Board shall designate one of the district directors to serve until December 31, 1924, one to serve till December 31, 1925, and one to serve till December 31, 1926. After their first appointment each district director shall be appointed for a term of three years. At the first regular meeting of the board of directors of each Federal land bank the local directors shall designate one of their members to serve till December 31, 1924, one to serve till December 31, 1925, and one to serve till December 31, 1926. Thereafter each local director shall be chosen as hereinbefore provided and shall hold office for a term of three years. Any vacancies that may occur in the board of directors shall be filled for the unexpired term in the manner provided herein for the original selection of such directors. At the same time that the associations and borrowers through agencies nominate the candidates for the local directors, each association and each borrower through agencies shall also nominate one candidate for director at large for the entire district, and from the three persons having the greatest number of votes for nominee for director at large, the Farm Loan Board shall select a director at large, whose term of office shall terminate on the 31st day of December, 1925, and every three years thereafter, and such director at large shall be ex officio chairman of the board during his term of office. Such seventh director may be removed by the Farm Loan Board for neglect of duty, incapacity for the work, or malfeasance in office, after charges duly preferred and a hearing had thereon, and in such cases the associations of the district shall in like manner nominate candidates for another director at large, to fill the vacancy, for whom the Farm Loan Board shall in same manner select a successor, but any person who is removed can not be nominated to succeed himself. The board of directors thus selected shall, upon qualification, immediately take over the management of each bank.

"Directors of Federal land banks shall have been for at least two years residents of the district for which they are appointed or elected, and a local director shall be a resident of his division when elected. No district director of a Federal land bank shall, during his continuance in office, act as an officer, director, or employee of any other institution, association, or partnership engaged in banking or in the business of making or selling land-mortgage loans.

"Directors of the Federal land bank shall receive, in addition to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their boards, to be paid by the respective Federal land banks. Any compensation that may be provided by boards of directors of the Federal land banks for directors, officers, or employees shall be subject to the approval of the Federal Farm Loan Board."

Mr. STRONG of Kansas. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. STRONG of Kansas: Page 7, line 7, after the word "elected" insert: "And at least one district director shall be experienced in practical farming and actually engaged at the time of his appointment in farming operations within the district."

Mr. RAKER rose.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Kansas [Mr. STRONG].

Mr. RAKER. The Chair has recognized me already. I beg the gentleman not to take me off the floor.

Mr. BLANTON. I will do that later.

Mr. McFADDEN. Mr. Chairman, at the conclusion of the remarks of the gentleman from California, I ask unanimous consent that the debate on this section and all amendments thereto be closed.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that at the conclusion of the remarks of the gentleman from California [Mr. RAKER] the debate on this section and all amendments thereto be closed. Is there objection?

Mr. BLANTON. I object. The gentleman gave me five minutes.

The CHAIRMAN. The gentleman from Texas objects.

Mr. McFADDEN. Then, Mr. Chairman, I ask unanimous consent that the debate on this section and all amendments thereto close in 10 minutes.

Mr. SNYDER. I object.

The CHAIRMAN. The gentleman from New York objects.

Mr. McFADDEN. Then I ask that at the conclusion of the remarks of the gentleman from California all debate on this section and all amendments thereto be closed.

Mr. BEGG. I reserve the right to object.

Mr. BLANTON. I make the point of order that the gentleman can not take the gentleman from California off his feet, no matter what the expediency is.

The CHAIRMAN. The gentleman from California will proceed.

Mr. RAKER. Mr. Chairman and gentlemen of the committee, when the bill creating the Federal farm-loan system was originally passed I had the pleasure of voting for it, and I have found out its beneficial effects, so far as it went, to the farmers of the West; in fact, generally over the United States. But they want it amended so as to give them further relief. The Federal farm-loan banks have been of great benefit. The joint-stock land banks have also been of great benefit. I shall personally vote for this bill as amended.

I want to call the attention of the committee to one thing, and I think I ought to do it. Mr. John Guill, jr., a present member of the board, says that these amendments will assist the present administration of this law. I have had the privilege of knowing him for over 30 years. He is a man who knows southern Oregon, Nevada, and California from one end to the other. He is what you call a real, genuine, business, successful farmer. He is interested in the farmers of California and in that country. It is the same way with the Federal farm-loan bank at Berkeley. They are earnestly in favor of it, because they believe it to be of benefit to the farmers of that country.

But what I primarily rose for, and what I want to call to your attention in addition, is that, like my friend from Texas [Mr. HUDSPETH], I am a real dirt farmer. [Laughter.] I want to read to you what has been the history of our farm business in northern California and southern Oregon. Here is a statement by the stockmen of southern Oregon with whom I am acquainted that each steer that they have sold for the last five years has cost them $8.85 more to produce than they have been able to sell it for.

What those people want is some relief. They want to see fulfilled some of the promises that have been made. The man that did not have a reserve has gone to the wall. Only those who had a surplus and have been able to use that surplus in maintaining their property have been able to exist. Think of it. It costs them $8.85 more to raise a steer than they get for it!

Mr. Chairman, I now ask unanimous consent that I may insert these illuminating tables in the RECORD.

The CHAIRMAN. The gentleman from California asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

The article and statement above referred to are as follows:

[From the Lake County Examiner, Lakeview, Lake County, Oreg., January 25, 1923.]

CATTLE BUSINESS IS A LOSING GAME, SAY STOCK ASSOCIATIONS—REPORT SHOWS STOCKMEN OF SOUTHERN LAKE COUNTY LOSE $8.85 ON EVERY 2-YEAR-OLD STEER MARKETED AT PRESENT PRICES—DATA SUBMITTED RESULT OF COST RECORDS FROM A NUMBER OF STOCK RANCHES AND REPRESENTS COSTS UNDER AVERAGE CONDITIONS IN THIS SECTION—COST OF STEER PLACED AT $66.85 AND SELLING PRICE IS $57.

The cattle business is a losing game under present conditions and is able to continue only because stockmen have foregone any interest on their large investments and no return has been received by them for their labor or managerial activity, according to a report submitted to the National Forest by the officers of the Warner Stock Growers' Association and the Dog Lake Cattle and Horse Raisers' Association. The cost data submitted with the report show that the stockman loses $8.85 for every 2-year-old steer he sends to market, or in other words receives $8.85 less than the cost of production.

The report was submitted in the form of proof to show why grazing fees on the national forest should not be raised and will be submitted to the district forester's office by Supervisor Gilbert D. Brown. The cost data was worked out by the officers of both live-stock associations in cooperation with County Agent Teutsch and represents average costs taken from a number of stock ranches in southern Lake County. For the Warner Stock Growers' Association the report was signed by J. P. Duke, president, and E. A. Friday, secretary, and for the Dog Lake Cattle and Horse Raisers' Association by A. M. Smith, president, and J. D. Heryford, secretary.

It is to be hoped that stockmen throughout the country compare the costs listed with their own costs and if they disagree with the figures send their remarks to the Examiner. The report follows:

"The cost data attached hereto is the result of cost records from a number of stock ranches in southern Lake County and represents average costs under range conditions in this section at prevailing prices. The owners of these ranches from which the cost data was taken are members of the undersigned live-stock associations and represented by the undersigned officers of these associations.

"Any questions as to the method of arriving at these figures or the items contained in them will be answered by the officers of either of these associations. The figures represent costs on all classes of live stock in the average herd of stock cattle in this section.

"In looking over this cost data the question may arise as to why the cost of four months' grazing on the national forest is only 72 cents per head, while the cost of grazing on fenced pasture is $3 per head for only three months.

"In the first place if it were not for the adjoining fenced meadows it would not be possible to utilize the national forest lands, as fenced meadows are necessary to supplement the national forest grazing in early spring and fall. These meadow lands are valued at $40 per acre. Secondly, good feed is not available on the national forest for more than two to three months each season, and most stockmen begin gathering their cattle after they have been on the reserve from two to three months. It is an established fact also that the best grazing lands have been patented and only the poorer grass lands remain in the national forest. A map showing the Fremont Forest will readily establish this fact, as it will show how the deeded lands interlock with the national forest lands.

"The question also arises why the privately owned grazing lands lease for a much greater price than do the national forest lands. Reasons for this are as follows:

"1. It is not necessary for leasers of privately owned grazing lands to own hay ranches, while the forest permittees must own land upon which they pay taxes and many other operating costs. Thus the operating cost of those using privately owned grazing lands, who are usually transient sheep men, is much less than the forest permittees, and they can afford to pay higher grazing rates. They do not, however, tend to stabilize the live-stock industry nor do they build up the community, as they have no property holdings which makes their permanent residence in the community necessary.

"2. Stockmen are often forced to lease this privately owned grazing land at prices set by transient sheep men in order to protect their interests on deeded grazing lands which they own and which lies adjacent.

"3. Private grazing lands can be reserved for any season of the year, while forest-reserve lands can only be utilized for grazing during the grazing period; thus private lands can be utilized later and for a longer period, and also the lessor of such lands is entitled to all the rights and privileges which he would have on his own deeded land. This fact reduces, therefore, the wintering cost of live stock, as such a system requires less high-priced hay and less fenced grazing land.

"4. Mutual permits are granted on the national forest for the grazing of both cattle and sheep on the same range, which results in less grass, shorter grazing periods, and continued feuds between the cattlemen and sheepmen occupying the area. Such permits also cause cattle to scatter and increases the cost of gathering.

"5. In certain instances it is possible for stockmen to lease deeded grazing lands adjoining their ranches, which cuts down the cost of riding and gathering and produces beef of greater weight than is possible on the national forest.

"In conclusion, the live-stock cost data herewith submitted, which is an average for this district, establishes the fact that the live-stock industry is being operated at a loss. This loss is shown in the figures which we submit in spite of the fact that many of the items are extremely conservative. For instance most of the cattle upon which this cost data was taken have been produced on hay costing from $15 to $20, while the cost of hay figures used is but $6 per ton. Many stockmen are buying hay at the present time for from $10 to $12 per ton. It is apparent, therefore, that the only reason that the industry has been able to exist is because no interest has been made on the large investment in the live-stock business and no return has been received by the operator for his labor or managerial activity.

"Therefore, according to the facts submitted herewith, the undersigned associations know that the live-stock industry can not continue to exist if production costs are increased, especially the grazing costs on the national forest, as we believe that we are paying at the present time all that such grazing is worth and all that the industry can possibly afford."

Following is the estimated cost of production data on cattle compiled by the Warner Stock Growers' Association and the Dog Lake Cattle and Horse Raisers' Association in southern Lake County, and representing average costs for this district.

Cost of running a cow one year—from October to October.

Replacement cost on old cows, depreciation	$1.50
Interest on $30 at 8 per cent	2.40
Death loss, 3 per cent on $30	.90
Taxes, 25 mills on $30	.75
Riding and salt	2.00
Grazing four months on national forest	.72
Grazing three months under fence	3.00
Hay for winter, 1½ tons at $6	9.00
Cost of feeding hay at $1 per ton	1.50
Bull charges	1.50
Total	23.27
Estimated value of calf, 350 pounds, at 5 cents	17.50
Cost per calf with a 65 per cent calf crop	35.80

Cost of running a calf from weaning until it is 18 months old.

Interest on calf at 8 per cent on $17.50, actual value	1.40
Death losses, 3 per cent on $17.50	.52
Taxes, 25 mills on $20	.50
Riding and salt	1.50
Hay for winter, ¾ ton at $6	4.50
Feeding cost at $1 per ton	.75
Grazing 4 months on national forest	.72
Grazing 3 months on fenced pasture	3.00
Total	12.89
Estimated value at end of year, 600 pounds at 5 cents	30.00
Increase in value for year	12.50

Cost of running a steer from 18 to 30 months of age.

Taxes, 25 mills on $25	.64
Interest on steer, 8 per cent on $30	2.40
Death losses, 3 per cent on $30	.90
Riding and salt	1.50
Hay for winter, 1 ton at $6	6.00
Cost of feeding at $1 per ton	1.00
Grazing two months on national forest	.72
Grazing four months on fenced pasture at $1	4.00
Total	17.16
Estimated value of a 950-pound steer at 6 cents	57.00
Increase in value for year	27.00

Cost of producing a 2-year-old steer.

Calf cost	35.80
Yearling cost	12.89
Two-year-old cost	17.16
Total	65.85
Average price received for steers in district, 950 pounds at 6 cents	57.00
Loss	8.85

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. McFADDEN. Mr. Chairman, I move that all debate on this section and all amendments thereto be now closed.

Mr. BEGG. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman from Pennsylvania moves that all debate on this section and all amendments thereto be now closed.

Mr. JONES of Texas. Mr. Chairman, I offer an amendment that debate close in 20 minutes.

The CHAIRMAN. The gentleman from Texas moves to amend by making debate close in 20 minutes.

Mr. BLANTON. I offer a substitute, that debate close in 10 minutes.

The CHAIRMAN. The gentleman from Texas [Mr. BLANTON] offers a substitute that debate close in 10 minutes. The question is on the substitute offered by the gentleman from Texas [Mr. BLANTON].

The question being taken, the substitute was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. JONES].

The question being taken, on a division (demanded by Mr. JONES of Texas and Mr. BLANTON) there were—ayes 60, noes 77.

Mr. BLANTON. Mr. Chairman, I ask for tellers on that vote.

SEVERAL MEMBERS. Oh, no.

Mr. BLANTON. We are not going to be gagged or hog tied.

The CHAIRMAN. The gentleman from Texas asks for tellers.

Tellers were ordered, and the Chairman appointed Mr. MCFADDEN and Mr. JONES of Texas.

The committee again divided, and the tellers reported—ayes 41, noes 85.

Accordingly the amendment of Mr. JONES of Texas was rejected.

Mr. FIELDS. Mr. Chairman, I move that the committee do now rise.

The CHAIRMAN. The gentleman from Kentucky moves that the committee do now rise.

The question being taken, on a division (demanded by Mr. FIELDS) there were—ayes 51, noes 74.

Mr. FIELDS. Tellers, Mr. Chairman.

The CHAIRMAN. The gentleman from Kentucky demands tellers.

Tellers were ordered, and the Chairman appointed Mr. MCFADDEN and Mr. FIELDS.

The committee again divided, and the tellers reported—ayes 55, noes 80.

Accordingly the motion that the committee rise was rejected.

The CHAIRMAN. The question recurs on the motion of the gentleman from Pennsylvania [Mr. MCFADDEN] that debate on this section be now closed.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 99, noes 28.

Mr. BLANTON. Mr. Chairman, may we have tellers on that vote?

The CHAIRMAN. The gentleman from Texas demands tellers. Those in favor of ordering tellers will rise and stand until they are counted. [After counting.] Seven Members rising, not a sufficient number, and tellers are refused. The question now recurs on the amendment offered by the gentleman from Kansas [Mr. STRONG].

Mr. BLANTON. Mr. Chairman, a point of order. Where seven Members vote for tellers and no one rises against tellers, I make the point of order that the negative vote should be taken.

Mr. MONDELL. I demand the regular order, Mr. Chairman.

The CHAIRMAN. There is no merit in the point raised by the gentleman from Texas. The regular order is to vote on the amendment offered by the gentleman from Kansas [Mr. STRONG].

The question being taken, the amendment of Mr. STRONG of Kansas was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 3. That section 9 of said act be amended by adding thereto the following:

"Upon liquidation of any national farm-loan association the stock in the Federal land bank held by such association shall be canceled and the Federal land bank shall thereupon issue to the borrowers through such association an amount of stock in the Federal land bank equal to the amount of stock held by such borrowers in the liquidated association, such stock to be held by the bank as collateral to the loans of such borrowers and to be paid off and retired at par in the same manner as stock held by borrowers in farm-loan associations, and the Federal land bank shall pay to the borrowers holding such stock the same dividends as are paid to national farm-loan associations by such bank. The personal liability of the stockholders in such liquidated association to the association shall survive such liquidation and shall be vested in the bank in that district, which may enforce the same as fully as the association could if in existence."

Mr. MCFADDEN. Mr. Chairman, I move that all debate on this section do now close.

Mr. BLANTON. I make the point of order that that motion is not in order, because there has been no debate.

Mr. MCFADDEN. I withdraw that motion. I do not want to be too strict about this, but I want to say to the Members here that this is an important bill, and we are very anxious to get it passed to-night. If we are to do this, to grant this relief to the farmers of the country through these amendments, it is necessary that we give attention to this bill and stop our fooling.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. MCFADDEN. I yield to the gentleman from Texas.

Mr. BLANTON. Is it so important to get it through to-night that the gentleman is only willing for his leader on the other side to speak on it and that nobody else shall have any time?

Mr. MCFADDEN. I believe that is hardly a fair statement. I call attention to the fact that there have been three hours of general debate and that several speeches have been made under the five-minute rule.

Mr. WINGO. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Arkansas.

Mr. WINGO. I wish the gentleman would permit me to say to this side of the House that the gentleman from Pennsylvania has assured us that we will have liberal debate on bona fide contested questions when reached, and the gentleman's desire in closing down now is to save time for debate on disputed questions.

Mr. MCFADDEN. The gentleman is perfectly correct on that.

Mr. WINGO. And if the gentleman will stay and help us, we will have liberal debate on disputed points.

Mr. BLANTON. Mr. Chairman, I ask for the regular order.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. MCFADDEN] has the floor.

Mr. MCFADDEN. I yield to the gentleman from North Dakota [Mr. BURTNESS] to offer an amendment.

The CHAIRMAN. The gentleman from North Dakota [Mr. BURTNESS] is recognized for the purpose of offering an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. BURTNESS: Page 7, line 22, strike out the figure "9" and insert in lieu thereof the figure "29."

Mr. BURTNESS. Mr. Chairman, the purpose of the amendment is plain. Section 9 does not relate in any way to the liquidation of these associations. It simply contains some provisions with reference to obtaining loans, and so forth. Section 29 of the original act covers specifically the question of dissolution and the appointment of receivers and I do not think there is any doubt that it was section 29 that was intended.

I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from North Dakota asks unanimous consent to revise and extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. MCFADDEN. Mr. Chairman, I accept that amendment.

Mr. JONES of Texas. Mr. Chairman, I ask for recognition.

Mr. BLANTON. I rise in opposition to the amendment.

Mr. MCFADDEN. Mr. Chairman——

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. BURTNESS].

Mr. BLANTON. I rise in opposition to the amendment.

Mr. MONDELL. The chairman of the committee is asking for recognition and is entitled to it.

The CHAIRMAN. The gentleman from Pennsylvania.

Mr. MCFADDEN. The amendment which the gentleman from North Dakota has offered is entirely agreeable to the committee.

I move that all debate on this section and amendments thereto do now close.

Mr. CONNALLY of Texas. Mr. Chairman, a point of order. Are there not five minutes allowed for the amendment and five minutes against it?

The CHAIRMAN. After five minutes' debate it is in order to move to close debate.

Mr. LONDON. I desire to offer an amendment.

The CHAIRMAN. The Chair will state the question. The question is on the motion of the gentleman from Pennsylvania. The gentleman from Pennsylvania moves that debate on this section and all amendments thereto do now close.

Mr. LONDON. Mr. Chairman, I offer an amendment that the debate close in 20 minutes.

The CHAIRMAN. The gentleman from New York moves to amend that the debate close in 20 minutes. The question is on the amendment offered by the gentleman from New York.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question recurs on the motion of the gentleman from Pennsylvania, [Mr. MCFADDEN] that the debate be now closed.

The question was taken; and on a division (demanded by Mr. BLANTON) there were 92 ayes and 20 noes.

So the motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. BURTNESS].

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

SEC. 3. That section 9 of said act be amended by adding thereto the following:

"Upon liquidation of any national farm-loan association, the stock in the Federal land bank held by such association shall be canceled and the Federal land bank shall thereupon issue to the borrowers through such association an amount of stock in the Federal land bank equal to the amount of stock held by such borrowers in the liquidated association, such stock to be held by the bank as collateral to the loans of such borrowers and to be paid off and retired at par in the same manner as stock held by borrowers in farm-loan associations, and the Federal land bank shall pay to the borrowers holding such stock the same dividends as are paid to national farm-loan associations by such bank. The personal liability of the stockholders in such liquidated association to the association shall survive such liquidation and shall be vested in the bank in that district, which may enforce the same as fully as the association could if in existence."

Mr. DAVILA. Mr. Chairman, I offer an amendment.

Mr. STEAGALL. Mr. Chairman, I am a member of the committee, and I desire to be recognized to offer an amendment.

The CHAIRMAN. The gentleman from Alabama, a member of the committee, is recognized to offer an amendment.

Mr. STEAGALL. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. STEAGALL: Page 9, line 13, after the colon, strike out all down to the colon in line 20.

Mr. STEAGALL. Mr. Chairman, I do not desire to argue this proposition at length. I merely wish to state the effect of the amendment I have offered. It is to raise the maximum loan limit to $16,000 with the proviso that all applications for loans not exceeding $10,000 shall be given preference. In my judgment it is unwise to raise the maximum amount of loans which the land banks may make to the amount of $25,000. I am willing to raise the limit to cover any increase in land values since the passage of the farm loan act. But I do not want to take off all limitations. I am willing to go part of the way, and for that reason I have offered the amendment making $16,000 the maximum amount to be allowed. That will take care of the average farm even in States where lands are high. The average farm unit is 160 acres. Under the rules put in effect by the Farm Loan Board no loan shall be made anywhere in excess of $100 an acre. There are many things that might be said bearing on this question that have not been said in the debate so far, but on account of the temper of the committee and the impatience which seems to prevail, I do not care to use extended time in debate.

Mr. DICKINSON. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. DICKINSON. In the gentleman's former remarks he stated that to increase the loan limit would absorb the bond market. As a matter of fact, is not the same large-sized loan the land bank loan, absorbed in exactly the same market as the bonds are absorbed?

Mr. STEAGALL. Yes; but the joint-stock land banks are operated in a different way. The interest on the bonds is different. They are privately owned corporations. The two systems are entirely different and separate, and should be kept so.

Mr. DICKINSON. Are not their bonds marketed in the same market as the farm-loan bonds?

Mr. STEAGALL. I grant you that. If we adopt the policy of pulling down the bars, we may assist in the effort being made to take away the tax-exempt bonds of the farm-loan system.

There is persistent clamor in many quarters for legislation to prevent the issuance of tax-free securities. Even many of those who are going to vote to increase 150 per cent the amount of loans which the Federal land banks may make, all of which are based on tax-exempt securities, were only recently loud advocates in this House of the resolution providing for the submission of a constitutional amendment to prevent further issuance of tax-exempt bonds. If we are going to extend the benefits of the system to take care of the farmer with a $50,000 farm, and who does not need the benefits of Government aid, we shall put into the hands of the enemies of the farm-loan system the most dangerous and effective weapon that can be used against it. [Applause.]

Mr. A. P. NELSON. Mr. Chairman and gentlemen of the House, it seems to me this matter has been thoroughly discussed in general debate. We ought to take into consideration the fact that this matter has been thoroughly gone over by the Federal Farm Loan Board, which is interested in the welfare and extension of the Federal farm-loan system. We had it thoroughly discussed by the subcommittee and by the full committee, and the committee, with the exception of the gentleman from Alabama [Mr. STEAGALL] and possibly Mr. BLACK, of Texas, are in favor of the amendment as it is in the bill. I believe we are making it possible for the Federal land-bank system to function in the highest degree for the interest and benefit of those sections of the country where the raising of the present limit from $10,000 to $16,000 is absolutely essential in order to take care of the farmers' needs.

Mr. BLACK. Will the gentleman yield?

Mr. A. P. NELSON. Yes.

Mr. BLACK. The gentleman will recall that in committee I reserved the same right as did the gentleman from Alabama [Mr. STEAGALL] to fix $16,000 as the loan limit.

Mr. MONDELL. Will the gentleman yield?

Mr. A. P. NELSON. Yes.

Mr. MONDELL. Is it not true that practically all over the country, even those who have heretofore contended for $10,000 limitation, there is now a very general demand for this increase?

Mr. A. P. NELSON. There is, and, furthermore, I want to make this clear to the committee that we make provision that preference is to be given to all applications for loans under $10,000, so that the interest of the small farmer is fully protected and safeguarded.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. A. P. NELSON. Yes.

Mr. CHINDBLOM. Have we not had sufficient debate upon this question?

Mr. A. P. NELSON. I think so, Mr. Chairman; I move that debate upon this amendment do now close.

The CHAIRMAN. The gentleman from Wisconsin [Mr. A. P. NELSON] moves that all debate upon this amendment do now close.

Mr. BLANTON. Mr. Chairman, I move to amend that by providing that it close in 10 minutes.

Mr. MONDELL. Mr. Chairman, this is an important question, and if gentlemen really want to debate it for 10 minutes longer I think they ought to have that privilege.

Mr. A. P. NELSON. Mr. Chairman, I modify my motion to make it 10 minutes.

Mr. MONDELL. Mr. Chairman, I think we might get an agreement to close debate upon the section in 20 minutes.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto close in 25 minutes.

The CHAIRMAN. Is there objection?

Mr. FREE. Mr. Chairman, I object.

Mr. McFADDEN. Then, Mr. Chairman, I move that all debate upon this section and all amendments thereto close in 25 minutes.

The motion was agreed to.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word. When this bill was first introduced it provided for a maximum loan of $25,000. The committee has rewritten the bill. It has not merely rewritten this one paragraph, but if gentlemen will turn to the bill and see what it was when the committee got through with it they will see that its own grandmother would not know it now. Yet the bill that the committee has brought in had patent defects in it. The gentleman from North Dakota [Mr. BURTNESS] a few moments ago called attention to the fact that in section 3 the bill sought to amend section 9 of the law, but that it was not meant to amend section 9; it was another section entirely that was meant. He had that corrected. That shows that there are defects in it, and I submit to my colleague now whether there is any chance to pass wise legislation with the Committee of the Whole House in such frame of mind as it is in now.

Mr. MONDELL. Mr. Chairman, this debate was extended because gentlemen said they wanted to discuss this paragraph and this amendment. I make the point of order that the gentleman from Texas is not discussing the matter before the committee.

The CHAIRMAN. The gentleman will proceed in order.

Mr. BLANTON. It would seem, Mr. Chairman, that nobody can express himself except the gentleman from Wyoming.

The CHAIRMAN. All gentlemen will confine themselves to the matter before the committee.

Mr. BLANTON. Mr. Chairman, I have a right in the latitude of debate to call attention to the fact that we are now considering an amendment when the committee is not in such a mood or frame of mind that will permit of wise legislation. Therefore I look with care, not only upon the action of the committee in offering this paragraph but I look with care on any amendment offered and on the remarks made upon any amendment. I submit to the Committee of the Whole that when it gets into this frame of mind we ought to take a recess, we ought to go

and get some dinner, we ought to get into a clearer frame of mind in order to pass important legislation.

Mr. CLARKE of New York. Mr. Chairman, I make the point of order that the gentleman is not discussing the matter before the committee.

Mr. BLANTON. Mr. Chairman, it may not be patent to the gentleman from New York that I am discussing the subject, but it is very patent to other gentlemen. The gentleman from Wyoming has ceased to make objection. I have convinced him that I am in order, and surely when the gentleman from Wyoming sits down, the gentleman from New York ought to remain silent.

Mr. BURTNESS. Mr. Chairman, I rise in opposition to the pro forma amendment, and in doing so I want to advise the committee of an amendment which I have sent to the desk, which will come up in due course, relating to lines 5 and 6 on page 9. My amendment is to strike out everything after the word "mortgage," in line 5, namely, the words "incurred for agricultural purposes, or incurred prior to January 1, 1922." I feel that any man who is a bona fide farmer, residing on the land or farming his own land, ought to be entitled to obtain a loan when he needs it, regardless of what he may have incurred such indebtedness for and without some investigator trying to find out what the indebtedness was for. He should be entitled to make the loan even though he incurred debts in some business enterprise outside of his farm; he may have lost his money in some cooperative industry which he was trying to conduct for the benefit of his community or in some other business, or even in buying some mining stock in the State of my friend, the State of Arkansas, or elsewhere.

Mr. WINGO. There are a lot of them like that, and the gentleman realizes that his amendment would destroy all that goes before it.

Mr. BURTNESS. Oh, not at all, because the other provisions are still there and would remain. The applicant would still have to be a farmer or be farming his land, and if he is in debt and about to lose his farm, or for any legitimate reason needs the loan, if he has security that is ample, coming within the provisions of the law, he ought to be entitled to the help of the law. In other words, by adopting my amendment this Federal agency would deal with the applicant in a business way, would determine whether he is worthy, whether he is a farmer under the terms of the act, and whether the security offered is ample—just as any private loan agency would do—and would accept or reject the loan upon its merits alone.

Mr. JONES of Texas. Mr. Chairman and gentlemen of the committee, like my colleague from Texas [Mr. HUDSPETH], I am in favor of increasing this limit. It is one of the few things in the bill that I am in favor of, because I think you will reduce the overhead expense by increasing the loan limit. It costs no more to make a large loan than to make a small one. I believe the market will absorb the bonds. This is an important matter in this connection. If this paragraph were standing alone it would be all right, but when you link it up with the succeeding paragraph, which authorizes loans to be made through agents who get a commission, then the agent is going to try to make a big loan in order to get a big commission in preference to trying to make a little loan. Consequently, section 5 should go out of the bill.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. JONES of Texas. No.

Mr. STEVENSON. I call attention to the fact that the secretary-treasurer gets exactly the same commission.

Mr. JONES of Texas. No; if you will turn over to the next paragraph, it says not exceeding 1 per cent of the amount of the loan made may be paid to the agent.

I do not want to get into a controversy with the gentleman. I want to ask you gentlemen, as reasonable men, if you execute a big loan; if you, as an agent, get a commission for execution in accordance with the size of the loan, are you not going to prefer a big loan? That is the reason why the next section should be stricken out.

Mr. EVANS. Will the gentleman yield?

Mr. JONES of Texas. I can not. The next section should be stricken out, because it authorizes loans to be made through agents. Now, listen: Several members of the committee have called attention to the fact that the present law permits loans through agents; but if you will turn to section 15 of the present law you will find it permits loans through agents, but it says that no agent except a bank or trust company may act, and that bank or trust company must indorse the loan. There is a great deal of difference in having a loan made through individual agents who need not indorse and where a bank or trust company must act as collector and also indorse the same.

Mr. A. P. NELSON. Will the gentleman yield?

Mr. JONES of Texas. I am sorry that I can not. That is the point I am making. You know as man to man that if a man can get a loan without forming an association he is going to get it that way. If you had the privilege of getting a loan through agents, you would not form your association. And I want to say this, gentlemen, and I want you to listen; the heart of the farm-loan association is the local association, where every neighbor knows every other neighbor, and he is not going to agree to a loan unless that loan is good, and you are destroying the heart of this system if you adopt this measure with section 5 included. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. DAVILA. Mr. Chairman, I offer my amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

On page 9, line 22, after the word "under," add a new paragraph as follows:

"*Provided further*, That section 4 as amended by the act of February 27, 1921, authorizing the establishment of a branch bank in Porto Rico and providing that 'loans made by such branch bank when so established shall not exceed the sum of $5,000 to any one borrower,' is hereby amended by striking out '$5,000' and substituting therefor '$10,000.'"

Mr. STEVENSON. Mr. Chairman, I reserve the point of order; I do not care to make it at the moment.

Mr. DAVILA. Mr. Chairman, if there is no objection, I desire the Clerk to read the following letter from the farm-loan commissioner.

The CHAIRMAN. Without objection, the Clerk will read the letter in the time of the gentleman.

There was no objection.

The Clerk read as follows:

TREASURY DEPARTMENT,
FEDERAL FARM LOAN BUREAU,
Washington, February 14, 1923.

HON. FELIX CORDOVA DAVILA,
Commissioner for Porto Rico, House of Representatives.

DEAR MR. COMMISSIONER: In response to your inquiry as to the attitude of the Farm Loan Board toward increasing the maximum loan limit under the farm loan act, as applied to the island of Porto Rico, from $5,000 to $10,000, permit me to state that preliminary investigation of the situation of agriculture on the island led us strongly to feel that the limitation of $5,000 would not enable the Porto Rico branch of the Baltimore bank to extend the farmers on the island all the service to which they were reasonably entitled.

This branch bank is now in operation, having proceeded very carefully and conservatively, and the views suggested above are fully confirmed by the study of the situation by the resident manager, Mr. Ernest B. Thomas, in whose judgment and integrity of purpose we have absolute confidence. The board would, therefore, unanimously approve an amendment to the enabling act changing the maximum from $5,000 to $10,000, believing that to make such loans would be of real service to the island and would lighten the burden on the Federal Land Bank of Baltimore which its establishment temporarily imposes.

Yours very truly,

CHAS. E. LOBDELL,
Farm Loan Commissioner.

Mr. DAVILA. Mr. Chairman, the purpose of my amendment is to extend to Porto Rico some of the privileges that will accrue to the farmers of the United States under the terms of this bill. We are not asking for the full measure of the opportunities and benefits carried in this bill, but we do ask you in all fairness that its spirit be extended to our island, especially as there exist as many reasons to allow our island farmers the same means of credit as are made available to men engaged in the same occupation here in the United States.

Under the terms of section 4 of the Strong bill the Federal Farm Loan Board, if satisfied with the security tendered, can authorize loans in the interest of agricultural development up to $25,000.

We are only asking for two-fifths of that sum, if the board, after subjecting our applications to the same scrutiny, find that loans not to exceed $10,000 are in the interest of agricultural development on the island of Porto Rico.

The Committee on Banking and Currency stated in its report favoring the increase of loans to $25,000 for continental American farmers that this proposition "has been generally indorsed by the farmers' organizations of the country," adding that the hearings before the committee had clearly shown that the present limitation was inadequate in many States. These statements apply with equal force to Porto Rico. On that island the needs of a certain percentage of the farmers can be adequately taken care of under the provisions of the present law. On the other hand, there are plantations on the island whose fiscal operations are on such a scale that they would not be even remotely provided for under the maximum benefits extended by this act to the agricultural interests of continental America.

But the purpose of my amendment is not to reach either of these extreme conditions.

There is a large and growing class of farmers in Porto Rico who stand on middle ground between the humble man who cultivates from 1 to 20 acres and the corporations who repre-

sent the absentee owners who have investments in our best sugar and tobacco lands.

These independent farmers, who correspond with the better class of continental American farmers, have been growing in numbers and importance in proportion as Porto Rico has been undergoing industrial development since American occupation. It is for this class of Porto Rican farmers that I appeal to you in behalf of this amendment. The branch of agriculture in which these men are engaged is one that especially calls for an available supply of funds, for they are either engaged in the cultivation of sugar cane, which must be sold to the corporations operating the large centrals, or else they are producers of coffee, which must look abroad for a market. The American taste has become accustomed to Brazilian coffee, and until this is changed our coffee farmers must sell to foreigners. For this reason they are in more pressing need of easy terms of credit than any other class of American farmers.

So much for coffee; now as to sugar. Unlike the grain crops of continental America, the sugar is not "machine-made." From the time it is planted until it is harvested it requires an immense amount of hand labor, and in this respect it more nearly approximates conditions in the Cotton States. Those of you who are familiar with agriculture know that this makes necessary a certain amount of ready cash for hired help if the farmer is to work his growing crop, fertilize it, and give it the proper attention. Too often the Porto Rican colono is compelled to sacrifice his years of labor to the sugar corporations at a ruinous figure because he does not have banking facilities. On the other hand, if instead of dealing with the larger sugar companies he attempts to secure an adequate loan from merchants or bankers, he is subjected to usurious and ruinous rates of interest.

I have information from the Farm Loan Board to the effect that the system is working satisfactorily in the island. There are 562 pending loans, amounting to $1,162,800. There are 251 approved loans and in process of closing, amounting to $517,600. The Porto Rico office has been behind in its work of appraisement and has asked that two additional appraisers be appointed. This is the reason why the volume of work has not been greater.

There are 2,222,404 acres of land in the island, and the average acreage per farm is 49.2.

The population of Porto Rico is 1,299,809. There is disseminated through vale and mountain a rural population of more than 800,000, the remaining being congregated in urban precincts.

The rate of interest in the absence of an agreement is 6 per cent, but it can be extended by contract to 12 per cent. Within this limit it is lawful to discount bills and notes and other similar obligations.

The distribution of credits among the farmers is generally effected by the merchants, the sugar centrals, and the Tobacco Trust. The banks in Porto Rico lend at 10 per cent interest, for a term varying from three to four months, sums of money not in excess of $1,000, and 9 per cent on sums over that amount.

It is very difficult for a small farmer to borrow money from the commercial banks. In the first place, money circulation in the island is less than $5 per capita and the banks, with this small amount of money in circulation, are unable to allow long-time loans. In the second place, they usually lend money to the big interests and ask of the small farmer guaranties that he can not afford to give. So the farmer is bound to borrow the money he needs from the merchant, who is practically his banker, at a rate of interest of 12 per cent and sometimes much more than that.

The increase of the loans from $5,000 to $10,000 will not cost a cent to the United States and will be very valuable to the farmers in Porto Rico. Now if the reasons to extend the credit in the States are good they are also sound and good in Porto Rico, but realizing the difficulties of obtaining the same increase for Porto Rico we limit our petition to $10,000, with the hope that there will be no opposition to our reasonable request.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Porto Rico asks unanimous consent to revise and extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. QUIN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Mississippi offers an amendment, which the Clerk will report:

The Clerk read as follows:

Amendment offered by Mr. QUIN: Page 9, line 7, strike out the words beginning with line 7 down to the end of line 22.

Mr. QUIN. Mr. Chairman, that includes the two last paragraphs of section 4.

Mr. McFADDEN. The debate on that paragraph is exhausted.

Mr. KNUTSON. I hope that will not be taken out of the gentleman's time.

Mr. QUIN. This is the part of the bill that raises the maximum loan limit. It raises it to $16,000, and when you come down to line 20 you make it $25,000. By striking these two paragraphs out of the bill, if you pass my amendment, you have a maximum of only $10,000, after you have cut away the farm-loan association in every county in the United States.

Now, the proposition before this House is whether or not you propose to come, taking the vitals out of the farm loan act, and kill its usefulness to the small farmers, and put the Government in the business of operating large loans for great, large plantations that do not need this aid from the Government; or will you let the law stand as it is, serving the small farmers? Gentlemen, this act was originally passed from dire necessity, so that the small farmers of the United States could make these loans, so as to save their farms and prevent themselves from going into bankruptcy. The apparent purpose of this Strong amendment that is offered to the farm loan act would take away that right from the little farmers of the United States, because there is an effort made now on every hand to make these securities taxable both by the Federal and State Governments.

If we are going to go into the business of putting up $25,000 loans and cutting out these little local farm-loan associations that practically guarantee every dollar that the United States Government underwrites in this way, and allow an agent to go in and get a fee and a bonus and make loans helter-skelter, with no neighborhood security, no neighborhood supervision to see that an honest deal is given, you can look for only trouble and confusion.

Practically all of the farmers' organizations are begging us to kill the Strong bill or amendment. To-day these securities are selling at a premium. Farm-loan bonds now are selling at such a premium that the farmer has to pay only 4½ per cent. Who would interfere with that? Do you not know that if you put the limit at $16,000 and $25,000 the little sand-hill farmer, the little man down in the valley, the little man with a beehive near his house, is going to suffer? The original farm loan act was passed for the benefit of the poor man, the poor farmer; and here you are endeavoring to create a great big system of farm banking in which the Government will be engaged, to destroy the farm loan act so far as the small farmer is concerned, to help whom? You surely can not represent the small farmers in your districts. You surely can not represent the man that needs paternal help from the Federal Government. Whom do you contemplate helping? It occurs to me that the big farm-loan mortgage companies in the United States and the great insurance companies and the savings banks are able to take care of these $16,000 and $25,000 loans, and the Government farm loan law ought to continue to take care of the small farmer. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. McFADDEN. Mr. Chairman, how much time remains?

The CHAIRMAN. Three minutes.

Mr. KETCHAM. Mr. Chairman, I have an amendment which I wish to offer.

The CHAIRMAN. The gentleman from Michigan offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KETCHAM: Page 9, line 5, after the word "purposes," strike out the comma and the words "or incurred prior to January 1, 1922."

Mr. KETCHAM. Mr. Chairman and gentlemen of the committee, the purpose of my amendment will be to restrict the provisions of this section of the bill, which, it occurs to me, are altogether too broad.

I call you attention to the fact that this is a measure designed to be of benefit to the farmer, and I believe that this section should be restricted so that any mortgage indebtedness which has been incurred previous to January 1, 1922, or thereafter, should be limited to agricultural purposes.

I sincerely trust that the amendment will be approved by the whole committee, and thus perfect the bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Michigan has expired. All time has expired.

Mr. STRONG of Kansas. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. All time has expired. There are now several amendments to this section on the Clerk's desk. The committee will vote on the amendments in the order in which

they were sent to the Clerk's desk. Without objection, the Clerk will report the first one.

The Clerk read as follows:

Amendment offered by Mr. STEAGALL: Page 9, line 13, after the colon, strike out all down to the colon in line 20.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Alabama.

The question was taken, and the Chairman announced that the "noes" seemed to have it.

Mr. STEAGALL. A division, Mr. Chairman.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 46, noes 59.

So the amendment was rejected.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment by Mr. DAVILA: On page 9, line 22, after the word "under" add a new paragraph as follows: "*Provided further*, That section 4 as amended by the act of February 27, 1921, authorizing the establishment of a branch bank in Porto Rico and providing that loans made by such branch bank when so established shall not exceed the sum of $5,000 to any one borrower, is hereby amended by striking out "$5,000" and substituting therefor "$10,000."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Porto Rico.

The question being taken, on a division (demanded by Mr. STEVENSON) there were—ayes 93, noes 8.

Accordingly the amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment offered by Mr. QUIN: Page 9, line 7, strike out the words beginning with line 7 to the end of line 22.

The CHAIRMAN. The question is upon the amendment offered by the gentleman from Mississippi [Mr. QUIN].

The question being taken, the amendment was rejected.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment offered by Mr. KETCHAM: Page 9, line 5, after the word "purposes" strike out the comma and the words "or incurred prior to January 1, 1922."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. KETCHAM].

The question being taken, on a division the Chairman announced that the noes appeared to have it.

Mr. BLANTON. I ask for a division, Mr. Chairman. That is a good amendment.

The committee divided; and there were—ayes 23, noes 79.

Accordingly the amendment was rejected.

Mr. REGG. Mr. Chairman, I move that the committee do now rise.

The CHAIRMAN. The gentleman from Ohio moves that the committee do now rise.

The question being taken, on a division (demanded by Mr. BEGG) there were—ayes 46, noes 67.

Accordingly the motion was rejected.

Mr. BEGG. Mr. Chairman, I offer a preferential motion.

The CHAIRMAN. The gentleman from North Dakota has an amendment on the Clerk's desk.

Mr. BEGG. I have a preferential motion. I move to strike out the enacting clause.

The CHAIRMAN. The gentleman from Ohio moves to strike out the enacting clause.

Mr. McFADDEN. Mr. Chairman, I hope that motion will not prevail.

Mr. BEGG. Mr. Chairman, I demand the floor.

The CHAIRMAN. The gentleman has the floor.

Mr. BEGG. Mr. Chairman and gentlemen of the committee——

Mr. MONDELL. Mr. Chairman, all debate is closed.

The CHAIRMAN. Debate is closed on this section, but the Chair is of the opinion that as this motion does not relate to the section, the gentleman has a right to discuss it for five minutes.

Mr. DOWELL. Mr. Chairman, the gentleman has the right to make the motion, but I submit that he has no right to discuss it.

Mr. McFADDEN. Debate is closed on this section.

The CHAIRMAN. It is true that debate is closed on this section, but not on the motion to strike out the enacting clause.

Mr. BEGG. Mr. Chairman, everybody knows that this motion is debatable.

The CHAIRMAN. The motion to strike out the enacting clause is debatable. The Chair has recognized the gentleman from Ohio to discuss it for five minutes.

Mr. BEGG. Mr. Chairman and gentlemen of the committee, I shall not consume five minutes. [Applause.] I have offered this motion because this proposition is a vital one to a good many hundreds of millions of dollars that have been bona fidely invested under the laws of the United States; and if the time has come when it is a crime to be interested in private industry that is serving the public on the same cost basis as the Government is serving it, then I want to disavow my obligation along that line.

There is enough in this bill to merit a reasonable and fair discussion—more than we are getting this afternoon by moving to close debate.

Mr. BLANTON. You are right.

Mr. BEGG. I am perfectly willing to have a show-down, and if I am outvoted by the men who represent business as well as the farmers—and farming is a business—I want to protest against the passage of a stampede motion because the leader says we want to do it to-night. If you want to ruin millions and hundreds of millions of dollars honestly invested and come out and stand for the Government going into private business, then go ahead.

Mr. MONDELL. Mr. Chairman, I do not know just what the gentleman from Ohio has in mind in suggesting that this bill will destroy private enterprise or interfere unfairly with private business or jeopardize large sums now invested. All of the money that is invested in competition with the farm loan banks through joint-stock banks is enjoying a governmental privilege that no other private interest or enterprise enjoys.

Mr. BEGG. Will the gentleman permit just one question?

Mr. MONDELL. Just let me finish my statement, please.

Mr. BEGG. Certainly.

Mr. MONDELL. We provided for the joint-stock land banks and we gave them a certain privilege of very great value to them. We will all of us regret having done that if every time it is proposed to broaden or extend the business of the Federal land banks we are to be met with the opposition of gentlemen who are enjoying this special privilege of having their obligations free from Federal taxes.

Mr. BEGG. Will the gentleman yield?

Mr. MONDELL. I yield to the gentleman from Ohio.

Mr. BEGG. In the first place, the gentleman misstates when he says our obligations are free from Federal taxes. It is only the buyer of the bonds who escapes that. But that is not the question I want to ask the gentleman.

Does the gentleman believe it is fair competition to have the Government appoint an agent in every county in the United States to get business? If they can not get business on fair competition they ought to go out of business.

Mr. DOWELL. The gentleman from Ohio is seeking to protect the mortgage companies as against the interests of the farmers.

Mr. MONDELL. The gentleman is getting on very questionable ground when he says that the Government shall not have the same opportunity to secure business that a private individual has who is enjoying a special privilege.

Mr. STEVENSON. Will the gentleman yield?

Mr. MONDELL. I yield to the gentleman from South Carolina.

Mr. STEVENSON. I call the gentleman's attention to the fact that the Government has been paying all the overhead expenses of these institutions, which amount to 50 per cent of the expenses of the Farm Loan Board, and we propose by this bill to make them pay their half.

Mr. MONDELL. I suppose that is one reason why there is all this opposition to the legislation.

Mr. YOUNG. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. YOUNG. Does the gentleman believe that it is fair to the owners of the present bonds issued by the banks to take hasty action to-night which may substantially reduce the value of those bonds?

Mr. MONDELL. No one believes that the action we are proposing to take to-night will have any injurious effect on the bonds.

Mr. YOUNG. I do.

Mr. MONDELL. The owners of those bonds think it least of all, but that is an appeal which they make to people who do not understand the situation. The trouble with these gentlemen is that having been given a special privilege they yield to the temptation that seems to surround all who have special privileges that they shall have full enjoyment of those privileges and that the Government shall not proceed with its business.

Mr. McFADDEN. Mr. Chairman, I move that all debate on the motion of the gentleman from Ohio do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the motion of the gentleman from Ohio [Mr. BEGG], to strike out the enacting clause.

The question was taken; and on a division (demanded by Mr. BEGG) there were 46 ayes and 73 noes.

So the motion to strike out the enacting clause was rejected.

The CHAIRMAN. The Clerk will report the amendment of the gentleman from North Dakota [Mr. BURTNESS].

The Clerk read as follows:

Page 9, line 5, after the word "mortgaged," strike out the balance of lines 5 and 6.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will proceed with the reading of the bill.

The Clerk read as follows:

SEC. 5. That section 15 of said act be amended to read as follows:

"SEC. 15. That whenever it shall appear to the Federal Farm Loan Board that national farm-loan associations have not been formed, or the local national farm-loan association fails, neglects, or refuses to serve properly the needs of its territory in any locality, said board may, after 30 days' notice to said associations, in its discretion, authorize Federal land banks to make loans in such territory on farm lands through agents approved by said board.

"Such loans shall be subject to the same conditions and restrictions as if the same were made through national farm-loan associations, and each borrower shall contribute 5 per cent of the amount of his loan to the capital of the Federal land bank, and shall become the owner of as much capital stock of the land bank as such contribution shall warant.

"The Federal Farm Loan Board shall, by proper regulations, require each Federal land bank to maintain, out of earnings apportionable to stock required on loans made through agents, sufficient reserves to cover and pay delinquent payments on such class of loans.

"Shareholders in a Federal land bank under this provision shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of stock owned by them at the par value thereof, in addition to the amount paid in and represented by their shares.

"Such local agents shall serve at the pleasure of the bank and shall give surety bond for the faithful performance of their duties in such sums as the Federal Farm Loan Board shall prescribe and may collect from each borrower at the time the loan is closed such compensation as the Federal Farm Loan Board may approve, not exceeding 1 per cent of the amount of the loan made, with a minimum of $5 per loan: *Provided*, That no such agent shall engage in making land-mortgage loans through or for any other land-mortgage company or association.

"Whenever any national farm-loan association, located in territory served by an agent appointed under the provisions of this section, shall by resolution declare its willingness to serve the prospective borrowers in such territory and transmits a copy of such resolution to the Federal Farm Loan Board, the Federal Farm Loan Board shall at once instruct the Federal land bank of that district to discontinue taking applications through agents in such territory and after completing the loans applied for through such agents up to that time, shall thereafter only make loans through the National Farm Loan Association in said territory so long as it continues to serve its territory properly.

"This amendment shall not operate to prejudice the rights nor impair the liabilities of any agent heretofore designated under the provision of the original section 15.

"Any borrower who acquires stock in the Federal land bank under the provisions of this section shall have one vote in all meetings of shareholders of the bank for each share of stock owned by such borrower not exceeding 20 votes and a like number of votes in the election of directors of such bank, such votes to be cast and canvassed in such manner as the Federal Farm Loan Board shall provide.

"Any 10 borrowers under this section whose loans aggregate not less than $20,000 may at any time organize themselves into a national farm loan association by filing with the proper Federal land bank their articles of association as originally provided in section 7, and thereupon the stock held by such borrower in the Federal land bank shall be transferred to the association thus organized, and each borrower shall receive a corresponding amount of stock in such association. The stock of the bank and the stock of the association shall each be held subject to the same terms and conditions and the members thereof shall be entitled to the same rights and benefits as if the association had been originally organized under section 7 of this act."

With the following committee amendment:

Page 11, after the word "agent," in line 10, insert "or secretary-treasurer of a national farm-loan association."

The CHAIRMAN. The question is on the committee amendment.

Mr. A. P. NELSON. Mr. Chairman, I offer a substitute for the committee amendment.

The CHAIRMAN. Is it a substitute for the committee amendment in the bill?

Mr. A. P. NELSON. Yes.

The CHAIRMAN. The Clerk will report the substitute amendment.

The Clerk read as follows:

Page 11, line 12, after the word "loan," insert a comma and the words "eligible at a Federal land bank," so that the proviso will read that "no agent or secretary-treasurer of a national farm loan eligible at a Federal land bank shall engage in making land-mortgage loans through or for any other land mortgage company or association."

Mr. WINGO. That should be offered as an amendment to the committee amendment.

Mr. A. P. NELSON. Mr. Chairman, I think, on reflection, it is obvious why this amendment should be made. The language is too restrictive and we want to have the very best secretary-treasurers, as well as the very best agents. There are several secretary-treasurers now acting for the associations who are also acting for other farm-mortgage associations. There are loans not eligible in the Federal land bank. In order that we shall be able to have the very best secretary-treasurer, as well as the very best agent, we provide that he may make loans for other associations or mortgage corporations, provided he does not make loans that are eligible for the Federal land bank without first offering such eligible loans to the Federal land bank.

Mr. BURTNESS. Will the gentleman yield?

Mr. A. P. NELSON. Yes.

Mr. BURTNESS. Would this committee amendment disqualify the cashiers of ordinary State banks to act as secretary-treasurers where such banks make ordinary real-estate loans?

Mr. A. P. NELSON. Not if he will first offer loans eligible for the land bank to the Federal land bank for which he acts as agent.

Mr. BURTNESS. If he is offered and makes for his bank any first-class mortgage loans for agricultural purposes and eligible for Federal farm bank loans then such cashier of the bank would be disqualified from acting as secretary-treasurer of the association?

Mr. A. P. NELSON. Yes; if he makes such eligible loans without first offering them to the Federal land bank.

Mr. BURTNESS. Did the committee recognize that some of the very best secretary-treasurers—and, I admit, some of the worst—are in fact executive officers of the banks in the small towns scattered all over the country and that by the committee amendment they could not continue to act as such? I concede the amendment of the gentleman from Wisconsin [Mr. NELSON] would help out the situation created by the committee amendment immensely, but I still doubt the wisdom of the qualification at all.

Mr. WINGO. The objection the gentleman offers was one that was offered to the committee amendment pending in the bill, but the further amendment which the gentleman from Wisconsin [Mr. A. P. NELSON] has offered will take care of the objection.

Mr. BEEDY. He says no.

Mr. WINGO. Oh, it will. We had gentlemen before the committee, one of them the president of a Federal land bank and one a local secretary-treasurer who would have been cut out by my original amendment, and they admitted that it would take care of the situation, because the proposal which was read at the Clerk's desk, in addition to that which is printed in italics in the bill, would make it provide that no agent making direct loans nor any local secretary-treasurer of a national farm-loan association could make loans that are eligible at the Federal land bank through a private mortgage company. But if such agent or secretary will give to the Federal land bank the applications for loans that are eligible under the Federal land-bank system, then I have no objection to his taking care of the other needs of the farmers by taking loans that are not eligible at a land bank to a private land loan company.

Mr. A. P. NELSON. This last amendment covers that question.

Mr. WINGO. Yes.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. A. P. NELSON. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There were no objection.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. A. P. NELSON. Yes.

Mr. BURTNESS. In this connection let me state that the suggestion made by the gentleman from Arkansas [Mr. WINGO] would be correct if he were absolutely certain that the Federal land-bank system could take care of all of the demands from that community, but if it is unable to take care of all of them, and that has been the history during the past two or three years, then there may be very serious question as to the advisability of disqualifying these men.

Mr. A. P. NELSON. Would it not naturally follow that if the loans are presented and are eligible and can not be taken care of, they would be taken care of in the other way?

Mr. BURTNESS. If the provision was that such loans would be first offered the Federal land banks and if not accepted within a reasonable time then they might be placed elsewhere, I would see no objection to it.

Mr. McFADDEN. That is exactly what is proposed.

Mr. WINGO. Yes; and it will protect the association from being controlled by private land companies.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Wisconsin, which, without objection, the Clerk will again report.

There was no objection and the Clerk again reported the amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Wisconsin.

The amendment was agreed to.

Mr. HUSTED. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. ANDERSON. Mr. Chairman, I move to strike out the section.

The CHAIRMAN. The gentleman from Wisconsin moves to strike out the section.

Mr. McFADDEN. Mr. Chairman, pending that, I ask unanimous consent that debate upon this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that all debate upon the section and all amendments thereto close in 10 minutes. Is there objection?

Mr. JONES of Texas. Mr. Chairman, reserving the right to object, I would like to have five minutes, and that is the last that I shall ask.

Mr. McFADDEN. Mr. Chairman, I do not want to be discourteous to the gentleman, but I shall have to insist upon my request. I move that all debate upon the section and all amendments thereto close in 10 minutes.

The CHAIRMAN. The gentleman from Pennsylvania moves that all debate upon the section and all amendments thereto close in 10 minutes.

Mr. JONES of Texas. Mr. Chairman, I move to amend that by making it 15 minutes.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas to the motion of the gentleman from Pennsylvania.

The question was taken; and on a division (demanded by Mr. JONES of Texas) there were—ayes 46, noes 57.

So the amendment was rejected.

The CHAIRMAN. The question is now on the motion of the gentleman from Pennsylvania.

The motion was agreed to.

Mr. ANDERSON. Mr. Chairman and gentlemen of the House, this is the section about which there seems to have been most of the controversy this afternoon. I have not the time to go into it at length, but the question here apparently is whether we shall abandon the policy which we have heretofore established in connection with the farm-loan system and adopt an entirely new policy. We now have two kinds of land banks, and we propose here to establish two kinds of liability—one kind of liability on the part of those members of the farm-loan system, or the stockholders who are members of the farm-loan associations, and a different class of liability upon the part of those who obtain loans which are solicited by agents provided for in the section. A credit is not a thing that ought to be sold by agents. It is not a thing that ought to be easy. It is something that ought, for the most part, to be made difficult.

No man ought to have credit who is not prepared to demonstrate the necessity for it and the security of the risk, but when you start sending agents all over this country to solicit business for the farm-loan system, you are entering upon a policy which seems to me to be of very doubtful character. [Applause.] I believe that if the farmers of the country are ever to get any permanent relief from the situation that now confronts them, if they are to improve their relative welfare in comparison with the industrial worker of the country, if there is to be any restoration of the normal relationship between agriculture and the industrial purchasing power in this country, that restoration must in the last analysis come through farm organizations, through organization of production by cooperative effort. This bill in its original conception was based upon the idea of promoting among the agricultural people of the country the idea of cooperation.

I am willing to admit that the farm-loan system in the West has not been wholly successful, but I think that we take a backward step when we abandon the system of cooperative enterprise in the agricultural sections of the country and undertake to develop in its place a system of direct national solicitation and direct national action. I am so much in earnest about this question, I am so thoroughly satisfied that the development of the United States agriculturally must depend upon the development of farm organization, of organization of production, of organization of farm marketing, upon cooperative organization, if you please, that I am unwilling to see this backward step taken in the administration of the farm-loan system. [Applause.] If I were at liberty to do so, I would like to yield to my friend from Texas, but I suppose I have not that right under the rule.

The CHAIRMAN. The gentleman can not yield time.

Mr. ANDERSON. I ask unanimous consent—how much time have I remaining?

The CHAIRMAN. The gentleman has one and a half minutes remaining.

Mr. STEVENSON. Will the gentleman yield for a question?

Mr. ANDERSON. Yes.

Mr. STEVENSON. This is the kind of a situation that occurs, and I want to know if the gentleman is opposed to our relieving that. Here is a farm-loan association in a county, 22 members; they have got their loans, everything is settled down. Here is a fellow who just lives in the same county, with a piece of land on which he has got a mortgage, and it has come due, and he wants to get the farm-loan association to take it up. He comes to that association—it is the only way he can get it—and they say: "Let him go on the block; Tom wants that land." Are we, because of some fancied idea of cooperative associations, to deny the loan to this man because——

Mr. ANDERSON. I think the gentleman has the reverse of the situation. Are we, because some man somewhere in the United States will not be able to get the benefit of this system, to try to take a step backward from the direction in which the clear development of agriculture of the Nation ought to proceed? [Applause.]

Mr. WINGO. Mr. Chairman, I rise in opposition to the amendment.

Mr. WOOD of Indiana. Mr. Chairman——

The CHAIRMAN. The time was fixed by a motion, and 10 minutes was provided for, 5 minutes of which has been used in favor of the motion. The gentleman from Arkansas is opposed to the motion, a member of the committee, and he is entitled to recognition.

Mr. WOOD of Indiana. Mr. Chairman, I understood in the division of time I was to have five minutes, and what I desire to say has particular application to this section.

The CHAIRMAN. The Chair understands that the gentleman from Indiana indicated his desire for recognition, but since the time was not fixed by unanimous consent but fixed by motion the ordinary rule must control, which is that a member of the committee desiring recognition in opposition to the motion is entitled to recogn tion.

Mr. WINGO. Mr. Chairman, in behalf of the committee I want to call attention to some things which the gentleman from Minnesota [Mr. ANDERSON] evidently overlooked. I think that it is not necessary that I should state my loyalty to the cooperative movement. Without intending to reflect upon the loyalty of the gentleman from Minnesota I suspect I have demonstrated my efforts in behalf of the cooperative movement among the farmers in a more practical way than he has since I have been a Member of this House.

Here is a situation that threatens your cooperative movement. Since the amendments that I have insisted upon have gone into this section, I will tell you what I believe it will do, and I will tell you why the joint-stock land banks fight us on that proposition. We found, to our amazement—not just in isolated instances; we found in a great many instances, and especially of late—that the private mortgage companies and the agents, in some instances, of joint-stock land banks were worming themselves into local cooperative associations as secretary-treasurers.

For what purpose were they doing it? For the purpose of throttling the local association, for the purpose of controlling its business, to delay action on the applications, and to make the farmers in the local cooperative associations get disheartened and tired of waiting, and then have them turn the loans over to the private mortgage company which they represent. This section, as we have now amended it, will enable the system to kick out of the offices of secretary-treasurer these disloyal secretary-treasurers who have done more than anything else to prevent the cooperative associations from functioning.

That is the reason why I am against the motion of the gentleman from Minnesota [Mr. ANDERSON] to strike it out, because I want to protect the cooperative spirit against the insidious control of the private agents of the private mortgage companies who have wormed themselves into these positions. Under this section they will be cut out, and no agent can be ap-

pointed to make a direct loan unless that association fails, neglects, or refuses to let its neighbors in to get the benefits of the act.

Is there a man on this floor who will stand up and say that he is willing to shut the door in the face of an honest farmer simply because his neighbors say, "We have got all our loans, and we will not even meet to pass upon your application"? I would give that man relief, and I think you can do it without destroying the cooperative spirit. This amendment will give some incentive to the local association to function, and it will take off the local cooperative association the dead hand of the private mortgage companies' agents who have prostituted those associations for their own private and selfish purposes. [Applause.]

Mr. MONDELL. Mr. Chairman, I ask unanimous consent that the gentleman from Indiana [Mr. WOOD] may be allowed to proceed for five minutes, notwithstanding the limitation that has been imposed.

The CHAIRMAN. Is there objection to the request of the gentleman from Wyoming?

Mr. BLANTON. Mr. Chairman, reserving the right to object, I would not object at all if it were not for the rules of the House which have been put into force and effect here to-day, which prevent the gentleman from Wyoming from doing this. The gentleman knows he can not do that under the regular rules of the House.

A MEMBER. Regular order!

The CHAIRMAN. The regular order is, Is there objection?

Mr. BLANTON. I object.

Mr. FIELDS. Reserving the right to object, Mr. Chairman, these gentlemen have all spoken several times already in the RECORD.

Mr. McFADDEN. Mr. Chairman, how many minutes remain?

The CHAIRMAN. Two minutes.

Mr. McFADDEN. I yield that to the gentleman from Indiana.

The CHAIRMAN. The gentleman from Indiana has two minutes.

Mr. WOOD of Indiana. Mr. Chairman, there is one thing I want to call attention to. It is not peculiar to this bill alone, but it is characteristic of the vast majority of legislation that passes this House. Every Member of Congress at some time or other has inveighed against the tendency toward a bureaucratic form of Government. Now there is in this bill between lines 16 and 20 on page 10 a delegation to a board the power that this Congress ought to reserve to itself with reference to fixing a reserve. It is the duty of Congress to legislate. It is not the duty of Congress to delegate its power to legislate to a bureau.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. WOOD of Indiana. No; I can not yield. I have only two minutes.

I want to say to you that in every important piece of legislation that we pass here requiring administration in any of the departments we are delegating the power to legislate—the most important part of the law—to that division or department. It is bad on its face. It is destructive of our kind of Government. It is causing more criticism than has ever been had from any other source. We are constantly hearing on every side the statement that we are tending to a bureaucratic form of Government, and when we look at a statute to ascertain what are the rights under the law we find that we have given permission to administrative officers to fix legislation that is vital to that law. In all this legislation and all of other legislation of similar character it is the duty of Congress to legislate and refrain from abdicating its power in favor of the heads of these bureaus. [Applause.]

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Minnesota [Mr. ANDERSON].

The question was taken; and the Chairman announced that the noes seemed to have it.

Mr. ANDERSON. Mr. Chairman, I ask for a division.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 59, noes 46.

Mr. STRONG of Kansas. Mr. Chairman, I ask for tellers.

The CHAIRMAN. The gentleman from Kansas asks for tellers.

Tellers were ordered, and the Chairman appointed Mr. McFADDEN and Mr. ANDERSON to act as tellers.

The committee again divided; and the tellers reported—ayes 75, noes 48.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk resumed and concluded the reading of the bill.

Mr. McFADDEN. Mr. Chairman, I move that the committee do now rise and report the bill and the amendments to the House with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly, the committee rose; and the Speaker having resumed the chair, Mr. MCARTHUR, chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill (H. R. 14270) to amend sections 3, 4, 9, 12, 15, 21, 22, and 25 of the act of Congress approved July 17, 1916, known as the Federal farm loan act, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. McFADDEN. Mr. Speaker, I move the previous question on the bill and all amendments thereto to the final passage or rejection.

The SPEAKER. The gentleman from Pennsylvania moves the previous question on the bill and amendments to the final passage or rejection.

The previous question was ordered.

SENATE BILLS REFERRED.

Under clause 2, Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 4308. An act to authorize the general accounting officers of the United States to allow credit to certain disbursing officers for payments of salary made on properly certified and approved vouchers; to the Committee on Claims.

S. 3084. An act to authorize and provide for the payment of the amounts expended in the construction of hangars and the maintenance of flying fields for the use of the Air Mail Service of the Post Office Department; to the Committee on Claims.

S. 3955. An act to compensate Lieut. L. D. Webb, United States Navy, for damages to household effects while being transported by Government conveyance; to the Committee on Claims.

S. 3973. An act to remit the duty on a carillon of bells to be imported for the House of Hope Church, St. Paul, Minn.; to the Committee on Ways and Means.

ENROLLED BILL AND JOINT RESOLUTION SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled a bill and joint resolution of the following titles; when the Speaker signed the same:

H. J. Res. 418. Joint resolution authorizing the use of public parks, reservations, and other public spaces in the District of Columbia; and the use of tents, cots, hospital appliances, flags, and other decorations, property of the United States, by the Almas Temple, Washington, D. C., 1923 Shrine Committee (Inc.), and for other purposes.

H. R. 13351. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the Daughters of the American Revolution of the State of South Carolina the silver service which was used upon the battleship *South Carolina*.

The SPEAKER announced his signature to enrolled bills of following titles:

S. 3220. An act to amend sections 2, 5, 11, 12, 15, 19, 29, and 30 of the United States warehouse act, approved August 11, 1916; and

S. 2023. An act defining the crop failure in the production of wheat, rye, or oats by those who borrowed money from the Government of the United States in the years 1918 and 1919 for the purchase of wheat, rye, or oats for seed, and for other purposes.

DISTRICT OF COLUMBIA APPROPRIATIONS.

Mr. CRAMTON. Mr. Speaker, I desire to offer a conference report on the District of Columbia appropriation bill.

The SPEAKER. The gentleman from Michigan offers a conference report on a bill, which the Clerk will report.

Mr. CRAMTON. Mr. Speaker, if I may, I ask unanimous consent for its immediate consideration.

Mr. BLANTON. Oh, no; not to-night.

Mr. CRAMTON. Very well, for printing under the rule.

FEDERAL FARM LOAN ACT.

The SPEAKER. Is a separate vote demanded on any amendment reported from the Committee of the Whole?

Mr. STRONG of Kansas. Mr. Speaker, I demand a separate vote on the amendment to strike out section 5.

Mr. BEGG. Mr. Speaker, I make the point that there is no quorum present.

The SPEAKER. Will the gentleman withhold his point for a moment?

Mr. BEGG. Yes.

LEAVE TO WITHDRAW PAPERS—JOHN B. BUNTIN.

By unanimous consent, Mr. MCARTHUR was given leave to withdraw from the files of the House, without leaving copies, the papers in the case of John B. Buntin (H. R. 1229), first session Sixty-third Congress, no adverse report having been made thereon.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted—

To Mr. CABLE, indefinitely, on account of sickness in his family.

SPEAKER PRO TEMPORE TO-MORROW.

The SPEAKER. The Chair designates the gentleman from Pennsylvania [Mr. BUTLER] to preside at the memorial exercises to-morrow.

ADJOURNMENT.

Mr. MONDELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 7 o'clock and 22 minutes p. m) the House, under the previous order, adjourned until Sunday, February 18, 1923, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1010. A communication from the President of the United States, transmitting supplemental estimate of appropriation for the United States Veterans' Bureau for the fiscal year ending June 30, 1923, for military and naval insurance, $13,235,000 (H. Doc. No. 592); to the Committee on Appropriations and ordered to be printed.

1011. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Treasury Department for the fiscal year ending June 30, 1923, amounting to $186,250 (H. Doc. No. 593); to the Committee on Appropriations and ordered to be printed.

1012. A communication from the President of the United States, transmitting supplemental and deficiency estimates of appropriations for the Post Office Department, for special-delivery fees, fiscal year ending June 30, 1921, $1.04; for compensation to postmasters, fiscal year ending June 30, 1922, $50,682.24; and for car fare and bicycle allowance, fiscal year ending June 30, 1923, $39,900; in all, $90,583.28 (H. Doc. No. 594); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. S. 4235. An act granting consent of Congress to the Charlie Bridge Co. for construction of a bridge across Red River between Clay County, Tex., and Cotton County, Okla.; without amendment (Rept. No. 1631). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 14268. A bill to authorize the county of Lee, in the State of Arkansas, to construct a bridge over the St. Francis River; with amendments (Rept. No. 1632). Referred to the House Calendar.

Mr. COLTON: Committee on the Public Lands. H. R. 10861. A bill to add certain lands to the Uinta National Forest, and for other purposes; without amendment (Rept. No. 1633). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEARNS: Committee on Military Affairs. H. R. 14338. A bill to authorize the sale of certain Government property and authorizing an appropriation for permanent buildings and improvements for use of the engineering division of the Air Service of the Army; with amendments (Rept. No. 1640). Referred to the Committee of the Whole House on the state of the Union.

Mr. BROWN of Tennessee: Committee on the District of Columbia. H. R. 13237. A bill authorizing the closing of certain portions of Grant Road in the District of Columbia, and for other purposes; without amendment (Rept. No. 1641). Referred to the House Calendar.

Mr. JAMES: Committee on Military Affairs. H. J. Res. 442. A joint resolution to authorize the transportation to Porto Rico of a committee representing the Fourth Ohio Infantry, war with Spain; without amendment (Rept. No. 1643). Referred to the Committee of the Whole House on the state of the Union.

Mr. FAIRFIELD: Committee on the Census. S. 3757. An act authorizing the Department of Commerce to collect and publish additional cotton statistics and information; with amendments (Rept. No. 1644). Referred to the Committee of the Whole House on the state of the Union.

Mr. RHODES: Committee on Mines and Mining. H. J. Res. 441. A joint resolution creating a joint commission, to be known as the joint commission of gold and silver inquiry, which shall consist of five Senators to be appointed by the President of the Senate, and five Representatives to be appointed by the Speaker; with amendments (Rept. No. 1645). Referred to the Committee of the Whole House on the state of the Union.

Mr. PARKER of New Jersey: Committee on Military Affairs. S. 1018. An act to amend an act entitled "An act to give indemnity for damages caused by American forces abroad," approved April 18, 1918; with an amendment (Rept. No. 1646). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOORES of Indiana: Joint Select Committee on Disposition of Useless Executive Papers. H. Rept. No. 1630. A report on the sale of useless papers during the second session of the Sixty-seventh Congress. Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. REED of New York: Committee on War Claims. H. R. 7810. A bill for the relief of First Lieut. Frank J. Simmons, Quartermaster Corps, United States Army; without amendment (Rept. No. 1634). Referred to the Committee of the Whole House.

Mr. REED of New York: Committee on War Claims. S. 726. An act for the relief of George Emerson; without amendment (Rept. No. 1635). Referred to the Committee of the Whole House.

Mr. SNELL: Committee on War Claims. S. 1280. An act for the relief of Eli N. Sonnenstrahl; without amendment (Rept. No. 1636). Referred to the Committee of the Whole House.

Mr. REED of New York: Committee on War Claims. S. 1516. An act for the relief of Lewis W. Flaunlacher; with amendments (Rept. No. 1637). Referred to the Committee of the Whole House.

Mr. SNELL: Committee on War Claims. S. 3553. An act for the relief of the family of Lieut. Henry N. Fallon (retired); without amendment (Rept. No. 1638). Referred to the Committee of the Whole House.

Mr. SNELL: Committee on War Claims. S. 4313. An act for the payment of claims for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army; without amendment (Rept. No. 1639). Referred to the Committee of the Whole House.

Mr. FISHER: Committee on Military Affairs. H. R. 1859. A bill for the relief of Thomas J. Rose; without amendment (Rept. No. 1642). Referred to the Committee of the Whole House.

Mr. HULL: Committee on Military Affairs. H. R. 14082. A bill to authorize the Valley Transfer Railway Co., a corporation, to construct and operate a line of railway in and upon the Fort Snelling Military Reservation, in the State of Minnesota; with an amendment (Rept. No. 1647). Referred to the Committee of the Whole House.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. NEWTON of Minnesota: A bill (H. R. 14368) to authorize the county of Hennepin, in the State of Minnesota, to construct a bridge and approaches thereto across the Minnesota River at points suitable to the interests of navigation; to the Committee on Interstate and Foreign Commerce.

By Mr. FISH: A bill (H. R. 14369) authorizing the President to declare an embargo on coal; to the Committee on Interstate and Foreign Commerce.

By Mr. MACGREGOR: A bill (H. R. 14370) for the relief of distress in Germany; to the Committee on Banking and Currency.

By Mr. KNUTSON: A bill (H. R. 14371) to extend the benefits of certain pension laws to the officers, sailors, and marines on board the U. S. S. *Maine* when that vessel was wrecked in the harbor of Habana February 15, 1898, and to their widows and dependent relatives; to the Committee on Pensions.

By Mr. HARDY of Colorado: A bill (H. R. 14372) providing for charges against the general funds standing to the credit of the District of Columbia in the Federal Treasury; to the Committee on the District of Columbia.

By Mr. HERRICK: Joint resolution (H. J. Res. 452) authorizing and directing the President to immediately take vigor-

ous and drastic steps to enforce the collection of $3,500,000,000 owed by the Government of France to the Government of the United States, with interest thereon from the time the United States advanced said sum to the Government of France until said sum is paid; to the Committee on Foreign Affairs.

By Mr. PORTER: Joint resolution (H. J. Res. 453) requesting the President to urge upon the governments of certain nations the immediate necessity of limiting the production of habit-forming narcotic drugs and the raw materials from which they are made to the amount actually required for strictly medicinal and scientific purposes; to the Committee on Foreign Affairs.

By Mr. VOLSTEAD: Resolution (H. Res. 537) for the consideration of bills reported from the Committee on the Judiciary; to the Committee on Rules.

Also, resolution (H. Res. 538) for the consideration of House bills 13927 and 12123; to the Committee on Rules.

By Mr. CURRY: A resolution (H. Res. 539) authorizing payment of one month's salary to the clerks to the late Hon. John I. Nolan; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHINDBLOM: A bill (H. R. 14373) granting a pension to Elizabeth Van Alstine; to the Committee on Invalid Pensions.

By Mr. CURRY: A bill (H. R. 14374) authorizing the President to reappoint Maj. Harry Walter Stephenson, United States Army (retired), to the position and rank of major, Coast Artillery Corps, in the United States Army; to the Committee on Military Affairs.

By Mr. FOCHT: A bill (H. R. 14375) authorizing the Secretary of War to donate to the town of Lewisburg, Pa., one German mortar, cannon, or fieldpiece; to the Committee on Military Affairs.

By Mr. HICKEY: A bill (H. R. 14376) granting a pension to Mahaley Franklin; to the Committee on Pensions.

Also, a bill (H. R. 14377) for the relief of Richard Hogan; to the Committee on Claims.

By Mr. HOCH: A bill (H. R. 14378) granting an increase of pension to Arminta Shinn; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7328. By the SPEAKER (by request): Petition of city of Chicago, favoring a bill to declare a part of the West Fork of the South Branch of the Chicago River nonnavigable; to the Committee on Interstate and Foreign Commerce.

7329. Also (by request), petition of William (Bob) Kennedy Post, No. 416, Veterans of Foreign Wars, New York City, N. Y., opposing any amendment to the present immigration law; to the Committee on Immigration and Naturalization.

7330. Also (by request), petition of William (Bob) Kennedy Post, No. 416, Veterans of Foreign Wars, New York City, N. Y., requesting the President to set aside a week to be known as national antidope week; to the Committee on Ways and Means.

7331. Also (by request), petition of William (Bob) Kennedy Post, No. 416, Veterans of Foreign Wars, New York City, N. Y., favoring House bill 1176, providing for the restoration to good standing of a veteran who is now in poor physical health through disabilities incurred in the service of the Government; to the Committee on Military Affairs.

7332. By Mr. ANSORGE: Petition of Dr. Joseph Broadman, New York City, urging Congress to take steps to prevent another European war; to the Committee on Foreign Affairs.

7333. Also, petition of the Harlem Board of Commerce, New York City, urging the establishment of a national police bureau; to the Committee on the Judiciary.

7334. Also, petition of Men's Temple Club of the Free Synagogue, Washington Heights, New York City, favoring the passage of the McCormick bill; to the Committee on the Judiciary.

7335. By Mr. CULLEN: Petition of the General Lafayette Police Post, American Legion, No. 460, State of New York, favoring the enactment of Senate bill 1565; to the Committee on Military Affairs.

7336. By Mr. DALLINGER: Petition of the Men's Club of the First Methodist Episcopal Church, of Medford, Mass., favoring legislation to prevent a recurrence of the present coal shortage; to the Committee on Interstate and Foreign Commerce.

7337. Also, petition of the Traffic Club of New England, favoring the passage of the ship subsidy bill; to the Committee on the Merchant Marine and Fisheries.

7338. By Mr. DARROW: Petition of the executive committee of the board of trustees of the Drexel Institute, of Philadelphia, Pa., protesting against section 6 of the copyright bill (H. R. 11476); to the Committee on Patents.

7339. By Mr. FROTHINGHAM: Petition of Traffic Club of New England, urging support of the so-called ship subsidy bill; to the Committee on the Merchant Marine and Fisheries.

7340. By Mr. GALLIVAN: Petition of 23 members of North Shore Garden Club, Massachusetts, favoring Senate bill 4062, for the comprehensive development of the park and playground system of Washington; to the Committee on the District of Columbia.

7341. Also, petition of various organizations of Federal employees, favoring House bill 14226, providing compensation for United States employees injured in the performance of their duties; to the Committee on the Judiciary.

7342. By Mr. KIESS: Petition of Excelsior Council, No. 4, Sons and Daughters of Liberty, of Williamsport, Pa., relative to immigration legislation; to the Committee on Immigration and Naturalization.

7343. By Mr. KISSEL: Petition of Paul J. Christian, representing New Orleans Cotton Exchange, Washington, D. C., approving the trading in cotton futures; to the Committee on Agriculture.

7344. Also, petition of Illinois Manufacturers' Association, Chicago, Ill., opposing cancellation of foreign war debts; to the Committee on Foreign Affairs.

7345. Also, petition of Syracuse Branch, Railway Mail Association, Syracuse, N. Y., favoring House bill 13136 providing for voluntary retirement after 30 years of service; to the Committee on the Post Office and Post Roads.

7346. By Mr. KRAUS: Petition of J. C. Werner and other citizens of Pulaski County, Ind., in relation to House Joint Resolution 412; to the Committee on Foreign Affairs.

7347. By Mr. LEA of California: Petition of 22 residents of Colusa County, Calif., favoring abolition of tax on small-arms ammunition and firearms; to the Committee on Ways and Means.

7348. By Mr. RAINEY of Illinois: Petition of Medinah Temple, urging the President to set aside a week to be known as national antinarcotic week; to the Committee on Ways and Means.

HOUSE OF REPRESENTATIVES.

SUNDAY, *February 18, 1923.*

The House met at 12 o'clock noon.

Rev. William B. Waller, of Washington, D. C., offered the following prayer:

Almighty God, our Heavenly Father, we thank Thee that we may approach Thee confidently this morning; that we need not appease or propitiate Thee, but may trust Thee; that we need not comprehend Thee, but may accept Thee; that Thou art waiting to be gracious. Command Thy blessing upon us as Thou seest we may need at this time. Comfort those that mourn, give unto them that beseech Thee the realization that the everlasting arms of the Heavenly Father are round about them. We pray for all who are in distress everywhere. Let them realize the sympathy of the Lord Jesus Christ, who wept by the side of the grave of Lazarus and is willing to mingle his tears with ours and to speak words of resurrection, hope, and comfort. Guard and bless all of us, we pray Thee. Fit us for all the privileges and responsibilities for which Thou dost summon us. Let the blessing of the Sabbath rest upon our President, upon the Congress, upon all in authority in our land, that we may be a people whose God is the Lord. Bless us as we meet to pay tribute to the memory of our distinguished dead who have served well in their day and generation. And at last, when we are done serving Thee here below, receive us into glory with all the loved ones who have gone before, and with all the redeemed of God, and we will praise Thee, Father, Son, and Spirit, in a world without end. Amen.

THE JOURNAL.

Mr. CRAGO. Mr. Speaker, I ask unanimous consent that the reading of the Journal may be postponed until to-morrow.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that the reading of the Journal be postponed until to-morow. Is there objection?

There was no objection.